

Chestnut Fund

2017/18
ANNUAL REPORT



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SUMMARY BY
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 RELATIONSHIP
 MANAGER,
 HORT INNOVATION

We're for growers

At Hort Innovation it's our job to work with industry to invest the chestnut 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 close to **\$52,000** invested by Hort Innovation into R&D for the chestnut industry during **2017/18**, I'm happy to be able to share with you all the key insights in this Hort Innovation Chestnut Fund Annual Report. You'll find a top-level list of all R&D investments from the year on **p3**, and can explore the projects in more detail from **p4**.

Meanwhile **in marketing**, the Chestnut Fund program saw some **\$33,000** invested during the year to raise the profile and consumption of Australian chestnuts. Find an overview of this activity from **p7**.

On a personal note, thank you for welcoming me as your new Relationship Manager. I know that during 2017/18 my predecessor, Corrine Jasper, enjoyed getting to connect with you about everything going on in the Chestnut 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 dumi.mhlanga@horticulture.com.au or on 0447 091 186 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 Chestnut Fund. The latest edition is always available from the Chestnut Fund page at www.horticulture.com.au/chestnut, while members have *Hortlink* sent straight to their inboxes.
- » **Engage with your industry communications program.** The *Communication and adoption program for the Australian chestnut industry* (CH16000) 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 Chestnut Fund logo to easily identify work related to your levy). The communications program is funded through the Hort Innovation Chestnut Fund and delivered by Chestnuts Australia, with more info available on **p4**.

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

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Making levy investments

Discover how the chestnut levy and Australian Government contributions are invested through the Hort Innovation Chestnut 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 Chestnut 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 Chestnut Fund page at www.horticulture.com.au/chestnut.

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

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

The industry communications program, run through the investment *Communication and adoption program for the Australian chestnut industry* (CH16000), also provides regular information on levy-funded activity. See **p4** for more.



R&D project list 2017/18

NEW INVESTMENTS IN 2017/18

| | |
|---------|---|
| ST16008 | AgVet collaborative forum |
| ST17000 | Generation of data for pesticide applications in horticulture crops 2018* |

ONGOING INVESTMENTS IN 2017/18

| | |
|---------|---|
| CH16000 | Communication and adoption program for the Australian chestnut industry |
| CH16001 | Chestnut industry minor use program |

INVESTMENTS COMPLETED IN 2017/18

| | |
|---------|--|
| MT15032 | Monitoring and evaluation framework for the industry Strategic Investment Plan |
| MT15033 | Strategic Investment Plan |

* Activities for the chestnut 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 the key investments in the Hort Innovation Chestnut 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/chestnut as they become available.

Communication and adoption program for the Australian chestnut industry (CH16000)

Key research provider: Chestnuts Australia Inc

Strong communication and technical support is vital for chestnut growers and other industry participants to be able to make informed decisions when facing future challenges and opportunities. This investment keeps the industry up-to-date with the latest news, R&D outputs and other key information through a variety of channels.

Activities of this project include, but aren't limited to...

- » Production of industry newsletter *Nuts & Burrs*, published three times a year in print and digital form
- » Quarterly industry updates via *Australian Nutgrower* magazine
- » The running of industry field days, farm walks, regional grower meetings, workshops and other meetings as required, with details provided via industry communication channels
- » Maintenance and updating of the Chestnuts Australia Inc website, www.chestnutsaustralia.com.au, as well as social media, including Instagram (@chestnutsaustralia)
- » Delivery of 'email blasts' – mini e-newsletters sent in between the months that *Nuts & Burrs* is distributed
- » Collection, collation and dissemination of industry statistics detailing national planting and production information for the industry, with this information available in a new section in the levy payers' area of the industry website
- » Production of technical fact sheets and newsletters.

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

NEW IN 2017/18

Key research provider: Eurofins Agrosience Services

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. These registrations and permits, when approved, provide growers with 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 applications across a variety of horticulture crops, including for the chestnut industry (with work for chestnuts being funded wholly through the grant).

Chestnut industry minor use program (CH16001)

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 chestnut 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 [p5](#).

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.

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/chestnut.

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) – however the chestnut industry is generally provided with limited label registrations because of its ‘minor’ crop status in this area (meaning the chemical companies can 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 renewal for PER13640 was issued. The renewal application was prepared by Hort Innovation and submitted to the APVMA during the previous financial period, facilitated through the *Chestnut industry minor use program* (CH16001). See details of the permit in the following table.





Current permits

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

| PERMIT ID | DESCRIPTION (CHEMICAL/CROP/PEST OR USE) | ORIGINAL DATE OF ISSUE | EXPIRY DATE | PERMIT HOLDER |
|--------------------|--|------------------------|-------------|---|
| PER15259 | Phosphorous acid / Chestnuts / Suppression of Phomopsis nut rot and Phytophthora trunk and root canker | 27-Feb-15 | 30-Jun-20 | Chestnuts Australia |
| PER12507 version 3 | Peroxyacetic acid + hydrogen peroxide (Tsunami or Adoxysan) / Chestnuts (postharvest spray or dipping treatment only) / Surface moulds | 16-Mar-11 | 31-Oct-21 | Chestnuts Australia |
| PER84607 | Copper present as cupric hydroxide / Chestnuts / Chestnut blight | 15-May-17 | 31-Mar-22 | Chestnuts Australia |
| PER83635 | Fludioxonil (Scholar) / Chestnuts / Suppression of surface moulds and fungal rots NB: Label registration for Scholar is pending | 17-Mar-17 | 31-Mar-22 | Chestnuts Australia |
| PER13640 version 2 | Sodium hypochlorite / Chestnuts / Surface moulds | 01-Nov-12 | 31-Oct-22 | Chestnuts Australia |
| PER13642 version 2 | Chlorpyrifos and Maldison / Tree nuts / Australian plague locust | 01-Sep-12 | 30-Jun-25 | Australian Nut Industry Council C/Hort Innovation |
| PER83636 | Iprodione (Rovral) / Chestnuts / Suppression of surface moulds and fungal rots | 31-Mar-17 | 31-Mar-22 | Chestnuts Australia |

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 chestnut marketing levy into a range of activities to drive awareness and consumption, under the Hort Innovation Chestnut Fund. The 2017/18 marketing program had a number of touch points with Australian consumers, with primary activities including public relations, brochure development and events.



Recipe brochures

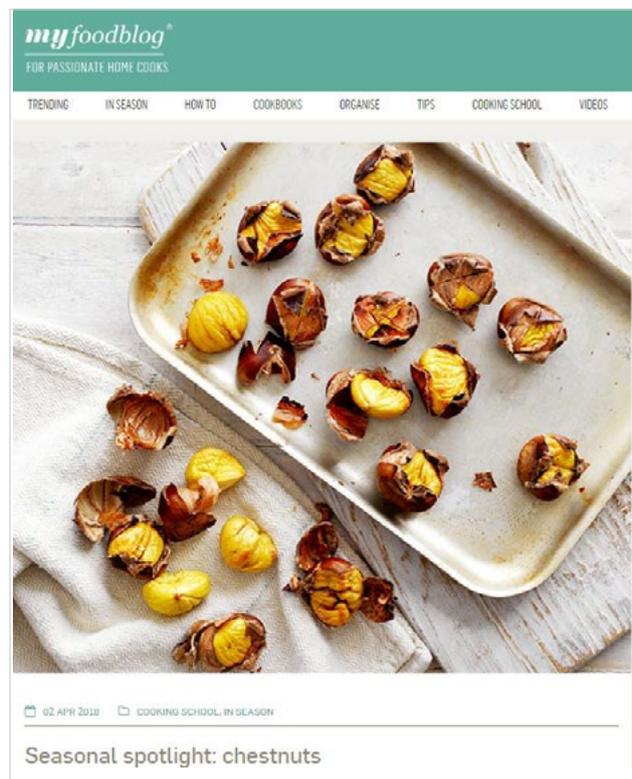
The marketing program's *Make everyday meals special with chestnuts* brochure features chestnut recipes and tips to inspire and engage consumers. During 2017/18, some 80,000 recipe brochures were distributed to 43 locations including independent greengrocers, wholesale markets, growers and 'foodies', as well as direct to consumers through grower promotions, public relations and media activities.

Public relations

The first phase of the public relations (PR) campaign was undertaken in December 2017, with a pre-season media release produced and distributed to increase media awareness of and engagement with the 2018 Australian chestnut season, ensuring chestnuts were 'top of mind' for media and in turn consumers. This first blast of emails to media, food editors and journalists was followed up with a second round of emails during April 2018.

More than 100 contacts in the media, along with 'influencers', central markets and businesses received the 2018 Chestnut Season Update and a copy of the 2018 recipe/information brochure. There was also an open offer to supply on request fresh chestnut images; a selection of easy everyday chestnut recipes; styled chestnut food photography and lifestyle images; contacts for growers to interview; assistance in scoping out story angles and organising farm locations for potential photo shoots or media visits; chestnut product; and health benefit information.

Once the 2018 chestnut season was in full swing a select group of food editors, media, bloggers and foodies were approached and offered a supply of fresh chestnuts. In early May, 22 packs



of beautifully gift-wrapped chestnuts displayed in ceramic baking dishes were sent out.

The purpose of the gift packs and the timing was to encourage recipe development, stories and social media posts from key influencers and to also thank other media and influencers for articles already published. This exercise was about sharing product and developing interest and confidence in chestnuts.

A large amount of coverage was generated from the PR activity, with just some of the highlights for the 2017/18 season including ...

- » An appearance on the *Studio Ten* morning show on Channel 10. In early April 2018, chef Luca Ciano appeared as a guest chef on this popular morning talk show, cooking chestnut ricotta fritters with honey. The segment was promoted on Channel 10's catch-up TV service, Ten Play, and also on both Luca's and *Studio Ten's* social media accounts.
- » An inclusion in the *Australian Women's Weekly* magazine, which published chestnut information and images in the 'Kitchen notes' section of their April 2018 edition.
- » A chestnut Q&A with Brain Casey, President of Chestnuts Australia, which appeared in the publication *Food & Drink* in May 2018.



- » Distribution through Macquarie Media rural radio programs. Chestnut grower Adam Gatford was interviewed about the chestnut season in February, with the interview syndicated to 50 rural radio stations.
- » A syndicated segment on Talking Lifestyle radio. In March, Adam Gatford also spoke with Talking Lifestyle radio, with the chestnut segment syndicated to Sydney (Talking Lifestyle radio), Brisbane (4BC) and Melbourne (3AW).
- » Activity with popular recipe and cookbook community MyFoodBook. The MyFoodBook blog, newsletter and social media channels featured chestnut recipes, images and content provided through the PR campaign.
- » Appearances in editions of Sydney Markets' *Fresh Fruit, Vegetable & Flower Report*. Throughout the 2018 chestnut season, consumers were encouraged to purchase and cook with chestnuts via notes in 11 of these weekly market reports from Sydney Markets. These reports are sent to media, published on the Sydney Markets website, used for regular weekly radio interviews and are promoted on social media.

Events

To engage consumers directly with chestnuts, the marketing program took Australian chestnuts to two Victorian events during the 2018 season – the Village Bonfire as part of the Bright Autumn Festival, and the La Fiera Food & Wine Festival in Myrtleford. Some 300kg of chestnuts were roasted during the events, with large crowds in attendance that embraced the chestnut experience. The industry-produced recipe brochures were given out to consumers eager to learn more.

At La Fiera, three local growers also volunteered to participate in a dedicated 'chestnut masterclass' showcasing the versatility of chestnuts, demonstrating three recipes and handing out samples. Many questions were answered from the 45 masterclass participants, with the growers providing tips and tricks for cooking and peeling.

Recipe development

Five new chestnut recipes were developed and photographed towards the end of the 2018 season. These recipes will be used for PR, social media and recipe brochures, and on the consumer-facing Australian Chestnuts website (www.chestnutsaustralia.com.au) for the 2019 season and beyond.



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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 |
| OPENING BALANCE | -38,026 | -3,045 | -41,071 |
| Levies from growers (net of collection costs) | 59,881 | 61,906 | 121,787 |
| Australian Government money | 31,211 | – | 31,211 |
| Other income* | -354 | 580 | 226 |
| TOTAL INCOME | 90,738 | 62,485 | 153,224 |
| Project funding | 51,983 | 33,279 | 85,261 |
| Consultation with and advice from growers | 889 | 278 | 1,167 |
| Service delivery – Base | 2,185 | 1,387 | 3,571 |
| Service delivery – Shared | 3,308 | 2,100 | 5,408 |
| Service delivery – Fund specific | 4,057 | 2,575 | 6,633 |
| TOTAL EXPENDITURE | 62,422 | 39,619 | 102,041 |
| Levy contribution to across-industry activity | 1,335 | – | 1,335 |
| CLOSING BALANCE | -11,046 | 19,822 | 8,776 |
| Levy collection costs | -5 | -4 | -9 |

At the end of 2016/17, the industry's pro rata share of levy funds were committed to strategic reserves (\$10,096 for R&D and \$10,234 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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