

Papaya 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 papaya 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 \$176,000 invested by Hort Innovation into R&D for the papaya 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 Papaya 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 completion of the investment that delivered the *Handbook of Papaya Evaluation*, new research to provide important consumer data and export market insights, plus work to help growers access and implement best practice, new knowledge and current technologies.

Meanwhile in marketing, the Papaya Fund program saw close to \$167,000 invested during the year to raise the profile and consumption of Australian papaya and papaw. 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 Papaya 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 christian.patterson@horticulture.com.au or on 0433 896 753 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 Papaya Fund. The latest edition is always available from the Papaya Fund page at www.horticulture.com.au/papaya, while members have *Hortlink* sent straight to their inboxes.
- » **Engage with your industry communications program.** The *Australian papaya industry communication program* (PP16001) 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 Papaya Fund logo to easily identify work related to your levy). The communications program is funded through the Hort Innovation Papaya Fund, 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 papaya levy and Australian Government contributions are invested through the Hort Innovation Papaya 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 Papaya 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 Papaya Fund page at www.horticulture.com.au/papaya.

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

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

The industry communications program, run through the investment *Australian papaya industry communication program* (PP16001), also provides regular information on levy-funded activity. See **p4** for more.



R&D project list 2017/18

NEW INVESTMENTS IN 2017/18

| | |
|---------|---|
| PP16001 | Australian papaya industry communication program |
| PP17001 | Papaya consumer research |
| MT17002 | Tropical fruit export strategy |
| MT17015 | Consumer behavioural and retail data for fresh produce |
| ST16008 | AgVet collaborative forum |
| ST17000 | Generation of data for pesticide applications in horticulture crops 2018* |

ONGOING INVESTMENTS IN 2017/18

| | |
|---------|--|
| PP15000 | New genetic targets to improve quality in papaya |
| PP16000 | Papaya industry minor use program |

INVESTMENTS COMPLETED IN 2017/18

| | |
|---------|--|
| MT13061 | Understanding the purchase behaviour of fresh produce consumers |
| MT15032 | Monitoring and evaluation framework for the industry Strategic Investment Plan |
| MT15033 | Strategic Investment Plan |

* Activities for the papaya 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 Papaya 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/papaya as they become available.

Australian papaya industry communication program (PP16001)

NEW IN 2017/18

Key research provider: Cox Inall Communications

This investment is responsible for keeping Australian papaya growers and other industry stakeholders informed about key industry issues and the latest R&D and marketing activities and results in a timely way. The goal is to facilitate the uptake of new information, technologies and practices – in turn helping growers forge more productive, profitable and resilient businesses.

After the development of a comprehensive communications strategy in conjunction with industry, communications channels that are being produced and maintained by this investment include...

- » The new biannual magazine, *Papaya Press*, which is distributed as a hard copy to the Papaya Australia database and is also available to access online. The first edition was released in May 2018.
- » The industry-facing section of the www.australianpapaya.com.au website, which has been under development.

Tropical fruit export strategy (MT17002)

NEW IN 2017/18 & NOW COMPLETE

Key research provider: McKINNA et al

This investment was tasked with developing individual export strategies for a range of tropical commodities including papaya, passionfruit, persimmon, lychee and banana, feeding into an overarching export strategy for Australian tropical fruit.

The Papaya Industry Export Market Development Strategy was finalised during May 2018, with its top-level overview of trade opportunities and considerations available from Hort Innovation at www.bit.ly/2O9IQhI in a brief market mapping report.

Some quick takeaways:

- » Based on the project's market analysis, the potential export market size for Australian papaya that could be achieved by 2023 is estimated at 310 tonnes.
- » While papaya is usually grown in areas around the world that are subject to cyclones and intense weather events, Australian production has the advantage of more stable weather zones, particularly in the Atherton Tablelands. Australia also has access to an extensive choice of varieties.
- » Best-prospect markets for papaya outlined in the market mapping report include Qatar, Bahrain, New Zealand, Hong Kong and the United Arab Emirates.
- » Challenges include an underdeveloped export supply chain, with the industry currently focused on servicing the domestic market, as well as considerations and potential difficulties around the nature of the fruit, such as its soft skin and shelf life.

Following the market mapping findings, the next steps involve Hort Innovation working with industry to determine the appetite for levy investment in the export space and to subsequently roll out any trade-related R&D activities.

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/papaya.



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 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 applications across a variety of horticulture crops, including for the papaya industry (with work for papaya being funded wholly through the grant).

Papaya industry minor use program (PP16000)

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 papaya 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.

Papaya consumer research (PP17001)

NEW IN 2017/18 & NOW COMPLETE

Key research provider: Fifty Five 5

This investment was tasked with undertaking consumer research to better understand papaya consumption in Australia. It undertook quantitative surveys and analysis to identify Australia's key papaya consumers and why, how and how often they eat the fruit, while also looking at barriers to purchase or increasing consumption, and identifying ways these barriers can be overcome.

Some top-level results included...

- » There is opportunity for growth, with one quarter of Australian households having purchased papaya in the last year
- » Those that do purchase papaya have positive perceptions (they report loving the taste, texture, flavour), however those that don't consume papaya have limited perceptions about the fruit
- » Awareness is key to driving growth, as lack of knowledge and limited top-of-mind awareness are core barriers for current non-purchasers.

The results of this research will feed into the industry's future levy-funded marketing activity.

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 papaya 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 Papaya 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.

This project represents an evolution of previous investment *Understanding the purchase behaviour of fresh produce consumers* (MT13061).



New genetic targets to improve quality in papaya (PP15000)

NOW COMPLETE

Key research provider: Griffith University

With a focus on improving the quality of Australian papaya and producing elite, uniform cultivars, this investment began in 2016 to assist breeding now and in the near future, and to support industry development. It ended just inside the 2018/19 period, and had five key sub-projects:

- » **Breeding to improve flavour and other important traits in commercial papaya.** Here, the work developed advanced breeding lines of red and yellow papaya that outperform industry standard varieties in many key agronomic and fruit quality traits, including setting fruit lower on the tree for ease of harvest, higher and consistent yields, and sweeter fruit. These new lines have had initial evaluation across trial sites in key growing regions.
- » **Collection and evaluation of papaya germplasm,** and the development of a related genetic material database to provide a resource to increase the genetic base of Australian papaya.

- » **Molecular studies to assist breeding for papaya,** which helped pinpoint the location of genes related to sweetness and other traits including fruit firmness, flesh thickness, skin freckle and fruit size. This is the foundation for the development of molecular trait selection tools for breeders.
- » **Papaya ringspot virus type P (PRSV-P) resistance work,** looking at transferring traits from disease-resistant germplasm to new papaya crosses. This is a step forward in creating superior, resistant varieties.
- » **The employment of an industry development officer (IDO),** responsible for carrying out the other sub-project work and for working closely with growers, researchers and other industry stakeholders.

This investment also released the *Handbook of Papaya Evaluation* during 2017. The handbook represented the development of a standard, reliable protocol for growers, breeders and researchers to evaluate papaya tree productivity and fruit quality. Including easy-reference images and information describing key traits, and how to measure them, you can download the resource from the Hort Innovation Papaya Fund page at www.horticulture.com.au/papaya.

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.

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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 papaya 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 successful application for new permit PER85397 was prepared by Hort Innovation and submitted to the APVMA, facilitated through the *Papaya industry minor use program* (PP16000).

The minor use program also saw the renewal of PER14098, PER14097 and PER13671, the latter renewal supported by data from the project *Generation of residue data for pesticide minor use permit applications in horticulture crops 2015/16* (ST15027).

Details for these permits can be found in the following table.



Current permits

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

| PERMIT ID | DESCRIPTION (CHEMICAL/CROP/PEST OR USE) | ORIGINAL DATE OF ISSUE | EXPIRY DATE | PERMIT HOLDER |
|--------------------|--|------------------------|-------------|------------------------------------|
| PER12592 | Chlorothalonil and difenoconazole / Papaya / Black spot and Brown spot | 14-Aug-11 | 30-Jun-20 | Growcom |
| PER13076 version 2 | Propamocarb / Papaw or papaya (seedlings) / Damping off | 05-Apr-12 | 31-Mar-22 | Papaya Australia C/Hort Innovation |
| PER13158 version 9 | Dimethoate / Specified citrus and tropical fruit commodities (inedible peel, post-harvest) / Various fruit fly species | 06-Oct-11 | 06-Mar-19 | Hort Innovation |
| PER13671 version 3 | Beta-cyfluthrin (Bulldock 25 EC) / Papaya / Fruit-spotting bug and banana-spotting bug | 28-Nov-12 | 28-Feb-23 | Papaya Australia C/Hort Innovation |
| PER14098 version 2 | Etoxazole (Paramite Selective Miticide) / Papaya / Two-spotted mite | 03-Oct-13 | 30-Jun-23 | Papaya Australia |
| PER14097 version 3 | Abamectin and fenbutatin oxide / Papaya / Two-spotted mite | 31-Oct-13 | 30-Jun-23 | Papaya Australia |
| PER12450 version 6 | Trichlorfon / Specified fruit crops / Fruit fly | 06-Oct-11 | 31-Jan-21 | Growcom |
| PER14417 | Copper as hydroxide / Papaya / Papaya fruit rot | 28-Feb-14 | 31-Mar-19 | Papaya Australia C/Hort Innovation |
| PER14490 version 2 | Metalaxyl-M (Ridomil Gold), metalaxyl (Zee-mil) + phosphorous acid / Papaya / Phytophthora root rot and Pythium | 04-Apr-14 | 31-Mar-22 | Papaya Australia C/Hort Innovation |
| PER13859 | Dimethoate / Orchard clean-up – fruit fly host crops following harvest / Fruit fly | 09-Feb-15 | 31-Jul-24 | Growcom |
| PER80746 | Ethephon / Papaya / Fruit de-greening | 18-Aug-15 | 31-Aug-20 | Papaya Australia |
| PER85397 | Sulfoxaflor (Transform) / Lychee, mango, papaya, passionfruit (field_grown) / Fruit-spotting bug and banana-spotting bug | 17-Apr-18 | 30-Apr-23 | Hort Innovation |

All efforts have been made to provide the most current, complete and accurate information on these permits, however you should always confirm all details on the APVMA website at portal.apvma.gov.au/permits. Details of the conditions of use associated with these permits can also be found on the APVMA site.

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 papaya marketing levy into a range of activities to drive awareness and consumption of the fruit, under the Hort Innovation Papaya Fund. Here's a quick look at the activities and achievements of the 2017/18 marketing program.

The 2017/18 marketing program's key objective was to drive sales of papaya year-round, by reaching as many people as possible with messaging, education and inspiration around papaya availability, benefits and uses. This was achieved with an influential social media presence, traditional public relations, in-store activity to entice new and retain existing consumers, and a papaya presence at expos to present health and nutritional benefits to new and expecting parents.

Ambassador activity

There was a continued relationship with Papaya Australia ambassador Caitlin Reid – enabling the industry to utilise her credible voice as a dietitian and give added authority to key messages. Caitlin (pictured right) delivered a literary review and new nutrition health report containing top nutritional facts and tips, plus five key reasons to eat papaya (covering boosting immunity, keeping skin healthy, the benefits before, during and after pregnancy, gut health, and the fact that papaya can help you feel fuller for longer).

Caitlin also conducted nutritional analysis on new recipes that were developed, brought the recipes to life through a video, starred in a live Facebook Q&A, delivered six Facebook health series posts, and was a spokesperson for media interviews. Some 62 per cent of the traditional media coverage that was generated through the 2017/18 marketing campaign featured Caitlin's quotes and health insights.



Recipe development

New recipe content was developed, including 12 on-trend recipes including engaging imagery, plus two recipe videos and a video demonstrating how to slice a papaya. The new content was used in media outreach, and shared across the marketing program's social pages. Of coverage achieved by the year's campaign, 60 per cent featured one of the new recipes.

Media 'famil'

There was a partnership with leading parenting site Mum Central to create an in-depth feature story, where their writer visited Skybury and Lecker farms. The journalist had a unique farm experience, learning how papaya is grown, the varietal differences, about the day-in-the-life of a grower and much more. An article was subsequently shared on the Mum Central website, plus Mum Central made four Facebook posts (reaching more than 37,300 people) and featured papaya in four e-newsletters (opened more than 26,620 times). They also ran a giveaway to further promote the article and papaya.





The story was viewed in excess of 2380 times and shared 717 times, with 1131 people entering the competition. The competition also delivered insights – showing that 42 per cent of entrants had never tried papaya before and with 98 per cent of them saying that they would try papaya after reading the article.

Events

The Essential Baby & Toddler Show is a mass consumer event for new and expecting parents, staged annually. In April 2018 Papaya Australia exhibited at the Melbourne show which had a footfall of over 12,800 people, all looking to discover the latest products, services and advice in the market. Meanwhile, Papaya Australia also exhibited at the Pregnancy, Babies and Children's Expo in Sydney during May 2018 and in Brisbane in June 2018. More than 34,500 new and expecting parents were in attendance.

The objective of marketing involvement in these shows was to educate showgoers on the difference between papaw and papaya, the health benefits, seasonality and more. Papaya is considered a pregnancy and baby 'superfood', so the expos offered an ideal target audience. During the expos there was sampling of red papaya puree with a hint of fresh banana for babies, and also freshly cut papaya with a squeeze of lime for mums and dads. A recipe brochure was also handed out.

Over the course of the three events, a total of 13,410 samples plus 25,550 brochures were distributed.

In-store sampling

The marketing program conducted in-store sampling nationally from April 2018 to May 2018 throughout 58 Woolworths, Coles and IGA stores. Brand ambassadors sampled freshly cut papaya with an optional squeeze of lime to shoppers, while communicating key messages.

This in-store campaign resulted in a 12 per cent conversion rate (the percentage of people who sampled papaya who then went on to purchase) and saw interaction with more than 11,260 people, with 7283 samples handed out.

Social media

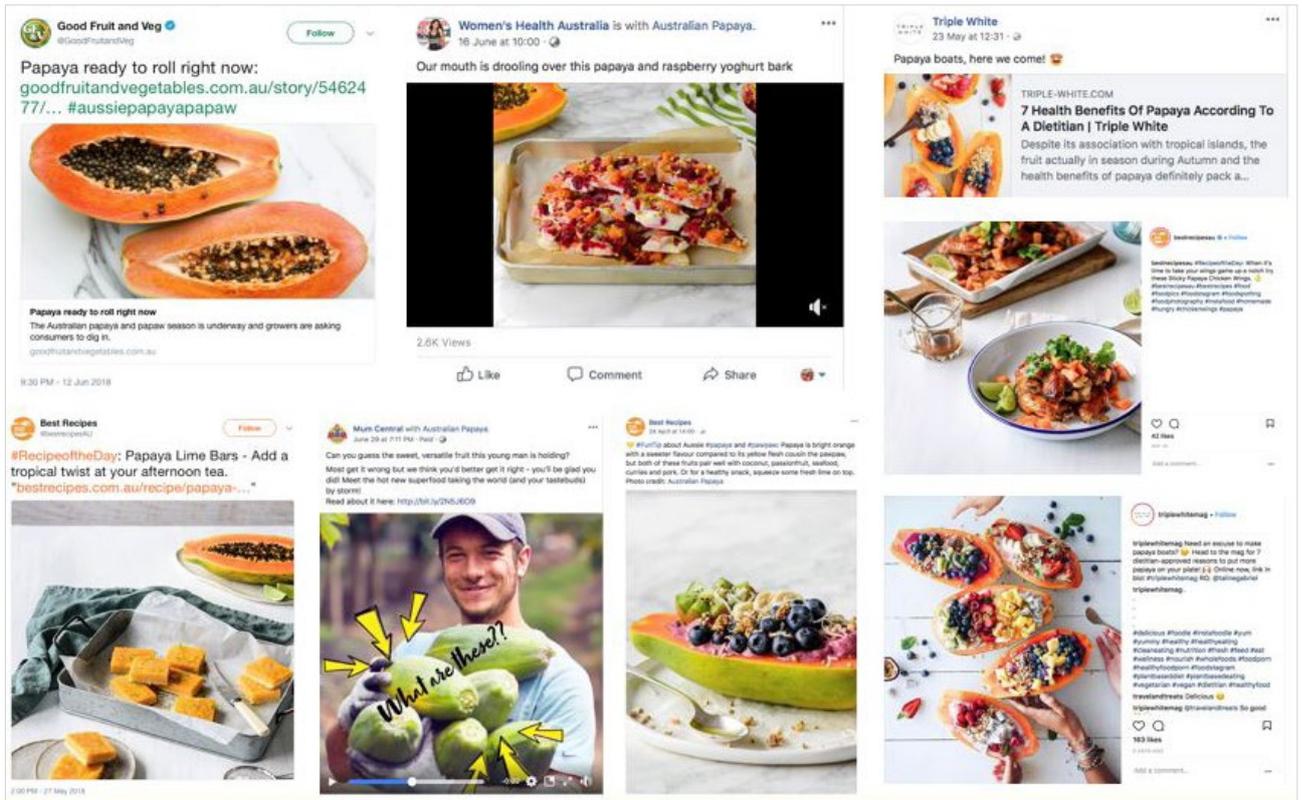
A core component of the marketing program revolved around social media, with the Australian Papaya Facebook page continuing to deliver inspiration, recipes, tips and on-farm insights to encourage Australian consumers to enjoy more papaya and papaw. Throughout the 2017/18 financial year and particularly in the lead-up to Christmas, a heavy focus was placed on this social activity, which continued to drive strong reach and awareness.

A monthly calendar was developed with two posts per week, incorporating content from papaya growers, food bloggers and recipe creators to inspire papaya use throughout the period. This content utilised Facebook advertising to boost reach and engagement on every post, with grower images and seasonal recipes proving the most popular Facebook content.

The total number of Facebook fans grew during the campaign to more than 27,740 people, with strong engagement in the form of comments, likes and shares on the posts throughout the year.



Social media highlights



Content creation

During 2017/18 there was work with a production company to capture new content on-site at Skybury and Lecker Farms. Three short videos were created: 'How a papaya is grown', 'Meet the farmer' and 'The difference between papaya and papaw'. These videos and a series of still images will be used in the coming year through social channels, and also shared with influencers to generate a greater reach.

Influencer outreach

In order to secure coverage, Australian Papaya distributed hampers to top-tier influencers during the autumn peak. The hampers included fresh papaya, a seasonal media release and a recipe card for papaya yoghurt bark or a papaya smoothie boat, plus the ingredients to create the dish. Recipients of the hamper included influencers with strong social followings including Steph Claire Smith (with 1.3 million Instagram followers), The Lebanese Plate, Healthy Little Foodies and more.



Media coverage highlights



Media relations

A comprehensive media pack was developed and distributed to key media targets. The media pack included a seasonal press release, tip sheet, the new papaya health report and a selection of recipes and images. In addition, papaya grower Joe Zapalla and ambassador Caitlin Read were on hand as spokespeople for media interviews.

The resulting coverage appeared across a range of top-tier print and online media outlets, including *BW Magazine* (a lift-out in *The Saturday Daily Telegraph*), *Women's Fitness*, *Body+Soul*, *Nine Kitchen* and News Regional Media channels in Queensland.

A total of 62 pieces of coverage were secured, reaching more than 12.3 million people combined, with a further 28 social media clips reaching over 7.5 million people.

Key learnings

- » The new health report provided quality content to leverage with media, resulting in strong coverage in health publications and more in-depth features overall, while paving the way for future outreach.
- » The recipes proved popular with the majority of media. Having a large variety of recipes available allowed for exclusive placement of recipes for top-tier outlets with new assets available for the next campaign period.
- » Influencer outreach proved successful. Providing hampers to people with an existing love of papaya ensured cut-through in Instagram stories and genuine excitement.
- » Having the ability to capture content on-site at the farm famil was valuable. This allowed the creation of different videos and high-quality farm content for owned and earned media, also allowing the utilisation of new assets in next campaign period.
- » Facebook fans are interested in health facts and general tips and tricks, with these posts generally performing well – so the marketing program will continue to incorporate interesting and useful facts and tips in future calendars.



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 | 365,862 | 126,236 | 492,098 |
| Levies from growers (net of collection costs) | 156,865 | 154,219 | 311,084 |
| Australian Government money | 118,540 | – | 118,540 |
| Other income* | 8,444 | 3,044 | 11,487 |
| TOTAL INCOME | 283,849 | 157,262 | 441,111 |
| Project funding | 176,666 | 166,699 | 343,365 |
| Consultation with and advice from growers | 22,656 | 3,996 | 26,652 |
| Service delivery – Base | 8,236 | 7,054 | 15,290 |
| Service delivery – Shared | 12,472 | 10,681 | 23,153 |
| Service delivery – Fund specific | 17,050 | 13,099 | 30,149 |
| TOTAL EXPENDITURE | 237,080 | 201,529 | 438,609 |
| Levy contribution to across-industry activity | 5,033 | – | 5,033 |
| CLOSING BALANCE | 407,597 | 81,969 | 489,567 |
| Levy collection costs | 6,016 | 6,582 | 12,598 |

At the end of 2016/17, the industry's pro rata share of levy funds were committed to strategic reserves (\$28,162 for R&D and \$30,837 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.

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