

Table Grape Fund

2017/18
ANNUAL REPORT



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SUMMARY BY
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HORT INNOVATION

We're for growers

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

With more than **\$1.36 million** invested by Hort Innovation into R&D for the table grape 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 Table Grape 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 key work into export readiness and market access, new research to deliver important consumer insights, and ongoing investments to help growers access and implement best practice, new knowledge and current technologies.

Meanwhile **in marketing, the Table Grape Fund program saw some \$241,000 invested during the year to raise the profile and consumption of Australian grapes.** 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 Wells, enjoyed getting to connect with you about everything going on in the Table Grape 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 mark.spees@horticulture.com.au or on 0439 574 173 if there's something you'd like to ask or discuss around levy investments.

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

- » **Become a member.** Paying a levy doesn't automatically make you a Hort Innovation member, but signing up is free at www.horticulture.com.au/membership. 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 Table Grape Fund. The latest edition is always available from the Table Grape Fund page at www.horticulture.com.au/table-grape, while members have *Hortlink* sent straight to their inboxes.
- » **Engage with your industry communications program.** The investment *Australian table grape industry communications* (TG15008) 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 Table Grape Fund logo to easily identify work related to your levy). The communications program is funded through the Hort Innovation Table Grape Fund and delivered by the Australian Table Grape Association, with more info available on **p6**.

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

Mark Spees
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Making levy investments

Discover how the table grape levy and Australian Government contributions are invested through the Hort Innovation Table Grape 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 Table Grape Fund are guided by the industry's Strategic Investment Plan (SIP), which was finalised by Hort Innovation in June 2017 after close consultation with growers and other industry stakeholders.

The SIP outlines key industry priorities for investment and can be found on the Table Grape Fund page at www.horticulture.com.au/table-grape.

The SIP document is used like a 'roadmap' by the table grape industry's 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/table-grape.

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 Table Grape Fund page at www.horticulture.com.au/table-grape. *Hortlink* also provides updates on ongoing and recently completed investments.

The industry communications program, run through the investment *Australian table grape industry communications* (TG15008), also provides regular information on levy-funded activity. See **p6** for more.



R&D project list 2017/18

NEW INVESTMENTS IN 2017/18

TG17000	Table grape export readiness and market access
TG17000	In market insights and emergency scenario planning
TG17002	Table grape supply chain quality
AM17001	Developing a national systems approach for meeting biosecurity requirements to access key Asian markets
AM17010	Taste Australia trade shows*
MT17015	Consumer behavioural and retail data for fresh produce
ST16008	AgVet collaborative forum

ONGOING INVESTMENTS IN 2017/18

TG15008	Australian table grape industry communications
TG16000	Table grape industry minor use program
TG16003	Digital technologies for dynamic management of disease, stress and yield
MT13059	SITplus: Developing and optimising production of a male-only, temperature-sensitive-lethal, strain of Qfly, <i>B. tryoni</i>
MT14052	Essential market access data packages
MT15026	Evaluation of dried and table grape varieties
MT16010	Horticultural trade data 2017-2019
MT16011	Horticulture trade intelligence reporting 2017-2019

INVESTMENTS COMPLETED IN 2017/18

TG14000	Export market access, maintenance, biosecurity and developing export markets for the Australian table grape industry
TG16001	Australian table grape industry attendance at the 2017 Italian table grape conference
MT13061	Understanding the purchase behaviour of fresh produce consumers
MT15032	Monitoring and evaluation framework for the industry Strategic Investment Plan
MT15033	Strategic Investment Plan



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

During the 2017/18 financial year, all Australian levy paying horticulture industries also contributed to across-industry projects addressing issues that affect horticulture as a whole. Visit www.horticulture.com.au/across-horticulture 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 Table Grape 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/table-grape as they become available.

Export market access, maintenance, biosecurity and developing export markets for the Australian table grape industry (TG14000)

NOW COMPLETE

Key research provider: Australian Table Grape Association

Beginning in 2014 and concluding during 2017, this investment was established to improve and maintain market access for Australian table grapes in overseas markets. A key focus was on direct engagement with growers and exporters to develop export readiness and industry knowledge, and engagement with existing, new and potential markets and importers.

Among its activities the project...

- » Supported industry attendance at international trade events, including the Asia Fruit Logistica trade show, the Gulfood expo in Dubai and the SIAL Food Trade Show in China.
- » Organised and coordinated importer tours, where importers from key export markets were introduced to the Australian table grape industry and taken to visit growers, packers and exporters to build business-to-business relationships.
- » Delivered tools, including the industry's online export registration and mapping system. The online system continues to be enhanced and enables growers to register table grape properties for accreditation to export to Asian markets, replacing the old paper-based registration and accreditation process.
- » Developed export readiness for table grape growers, including the delivery of export protocol workshops and other training, the supply of an export manual, and the

provision of market intelligence and export statistics to growers (contact the Australian Table Grape Association for more on these).

- » Supported other market-access activities, including facilitating industry participation in strategic meetings and programs with the Department of Agriculture and Water Resources and relevant state government authorities.

Export activities are now continued by two new investments, described in the next project summaries.

In market insights and emergency scenario planning (TG17000)

NEW IN 2017/18

Key research provider: KPMG

Beginning in the 2018 calendar year, this investment is tasked with readying the Australian table grape project for export to all existing international markets, including the Asian markets of China, Japan, Indonesia, South Korea, Taiwan, Thailand, Vietnam, The Philippines and the United Arab Emirates, along with the United States.

It will work in conjunction with and complement the activities of *Table grape export readiness and market access* (being delivered by the Australian Table Grape Association and also designated TG17000), and will involve producing an in-market intelligence plan and analysis of key export markets for Australian table grapes, including developing information for growers on how to utilise resources and networks related to these export markets. Its work will also involve developing an emergency industry consultation and response plan in the event of market disruption or closure, biosecurity incidents and other scenarios.

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/table-grape.

Table grape export readiness and market access (TG17000)

NEW IN 2017/18

Key research provider: Australian Table Grape Association

Beginning in January 2018 and complemented by the KMPG sister TG17000 project, this three-year investment is continuing industry work into market access and development. Specific activities will include, but won't be limited to...

- » Input into the maintenance of the industry's export strategy (and future strategies), detailing market access, improvement and development priorities
- » Work to develop export training materials for growers and exporters, aligned to the export strategy, as well as maintenance of online training for crop monitors
- » Input into the development of Export Quality Standards
- » Continued facilitation of the logistics involved in export, including the Department of Agriculture and Water Resources' registration and audit of export facilities
- » Other activities to develop and maintain new and existing markets, including coordination of inbound and outbound trade missions and participation in international trade shows.

The project also provides a point of contact for growers, exporters and others looking for expert industry advice in relation to the export of Australian table grapes, and is responsible for disseminating relevant information, including season updates and data on shipping and market conditions.

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 table grape 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 Table Grape 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).

Table grape supply chain quality (TG17002)

NEW IN 2017/18

Key research provider: Delytics

Beginning at the tail-end of 2017, this ongoing investment is supporting growers and retailers in adopting collaborative quality standards and practices for Australian table grapes. Its quality-focused activities prioritise the supply of grapes of optimal eating quality right from the start of the season, and so contribute to consumer confidence, repeat purchasing, and increased demand.

Its work involves measuring maturity of fruit pre-harvest, at retail and at export, and identifying maturity specifications that will enable the industry to meet market and consumer demands. It also has a component that provides funding for the Australian Table Grape Association to support project activities.

Evaluation of dried and table grape varieties (MT15026)

Key research provider: CSIRO

Beginning in 2016, this multi-industry investment will deliver new grape varieties for both the table grape and dried grape industries, with levies from both used to fund the work.

For table grapes, new varieties adapted to local conditions will enable Australia to differentiate its products in international markets, enhance export opportunities and increase domestic consumption. The new varieties are intended to reduce production costs and minimise issues such as berry collapse in Thompson seedless, as well as poor budburst and low fruit bearing in sub-tropical regions. Early and late ripening types, and those with favourable long-term storage and transport characteristics, will also extend the season and provide opportunities to develop new markets.

Specific activities include the continued evaluation of seedless material established by CSIRO in previous projects, identification of new selections for inclusion in multiplied plot trials, and establishment of new advanced selections for semi-commercial and regional testing. The project will progress Plant Breeder's Rights (PBR) comparator trials for selections identified for release, and support release strategies by provision of technical information on characteristics, management and product type.

Table grape industry minor use program (TG16000)

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 table grape 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.

Australian table grape industry communications project (TG15008)

Key research provider: Australian Table Grape Association

Established in 2016, this investment continues to maintain and improve communication to Australian table grape growers and other industry stakeholders. By keeping the industry up-to-date on R&D and marketing activities, news, events and other critical information, its ultimate goal is to help the industry tackle issues, and to support decision-making and the uptake of new research and technologies within table grape businesses.

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

- » Quarterly magazine *The Vine*, distributed to industry stakeholders and also available online (*The Vine* is a joint magazine between the table grape and dried fruit industries)
- » The Australian Table Grape Association (ATGA) website, www.australiangrapes.com.au
- » Regular e-newsletters from ATGA
- » ATGA social media channels including Facebook, Twitter and LinkedIn
- » Annual grower forums and other industry events.

Australian table grape industry attendance at the 2017 Italian table grape conference (TG16001)

NOW COMPLETE

Key research provider: Australian Table Grape Association

This investment was responsible for supporting industry attendance at the 8th International Table Grape Symposium, held in Italy in the first week of October, 2017. Held every three to four years, the symposium brings together researchers, growers, consultants and other industry stakeholders to share table grape research, technologies and innovations from around the world. Attendees at the 2017 event heard about table grape production in Peru, the development of the industry in China, the profitability of table grapes in Chile and more. There was also a chance to see vineyards in the city of Bari, where grapes are grown on pergola-style trellises. Learnings from the event were shared in industry channels, including in *The Vine* magazine.

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

HORT FRONTIERS

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

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

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

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Become a member
at www.horticulture.com.au/membership



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 table grape 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 PER13378 and PER13424 (reissued as PER85499) were prepared by Hort Innovation and submitted to the APVMA, facilitated through the *Table grape industry minor use program* (TG16000). Details of these permits can be found in the following table.



Current permits

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

PERMIT ID	DESCRIPTION (CHEMICAL/CROP/PEST OR USE)	ORIGINAL DATE OF ISSUE	EXPIRY DATE	PERMIT HOLDER
PER14868 version 2	Chlorpyrifos / Grapevines / European earwig	1-Oct-14	30-Sep-19	CCW Co-op
PER11748 version 2	Sodium metabisulfite / Table grapes (packaged) / Phylloxera	17-Sep-09	31-Oct-24	Australian Table Grape Association (ATGA) C/Hort Innovation
PER12439 version 4	Trichlorfon / Table grapes / Fruit fly	30-Aug-11	31-May-21	ATGA C/Hort Innovation
PER12770 version 2	Glyphosate / Grapevine removal, destruction / Phylloxera	12-Oct-11	31-Dec-26	ATGA C/Hort Innovation
PER13378 version 3	Fenbutatin-oxide (Torque Miticide) / Table grapes / Rust mite and two-spotted mite	09-Nov-12	30-Sep-20	ATGA C/Hort Innovation
PER14492 version 2	Bifenazate (Acramite) / Table grapes / Two-spotted mite	12-Nov-13	31-Oct-20	ATGA C/Hort Innovation
PER13859	Dimethoate / Orchard clean-up – fruit fly host crops following harvest / Fruit fly	9-Feb-15	31-Jul-24	Growcom
PER85499	Sulphur dioxide and carbon dioxide / Table grapes (for export to New Zealand) / Redback spiders	28-Nov-17	30-Nov-22	ATGA 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 table grape marketing levy into a range of activities to support demand-building activities in export and domestic markets under the Hort Innovation Table Grape Fund. Here's a quick look at some of the activities and achievements of the 2017/18 program.

DOMESTIC MARKETING

Social media activity

The Australian Grapes seasonal social media campaign kicked off in January 2018 across social channels including Facebook (www.facebook.com/australiangrapes) and Instagram (@aussiegrapes).

All activity was designed to encourage more grocery buyers to purchase Australian table grapes, and to raise awareness of how table grapes are an easy and delicious snack. Table grape media kits were also sent to key online social media influencers to spike interest in table grapes and drive additional coverage through social media, specifically targeting channels with lots of followers and extensive reach to consumers. Content was shared by and from popular social media influencers such as The Organised Housewife.

Also in the social space, Kimberley Welman from Stay Strong Mummy came onboard as an ambassador for the industry. A healthy and fit mum of three who promotes healthy eating for families, Kimberley shared the key benefits of grapes plus family-friendly usage ideas across her channels – delivering 13 social media posts, including a series of stories, and sharing recipes featuring grapes, plus snack ideas. This activity reached in excess of 666,200 people.

The overall social campaign achieved a total reach of 3,465,000 people across Australia. As part of this reach, there were more than two million 'impressions' delivered through the Australian Grapes Facebook and Instagram accounts, which had high levels of engagement in the form of 'likes', comments and shares, well above industry benchmarks.



WA print campaign

Table grape advertising was placed in the monthly *Fresh Magazine* insert of *The West Australian* newspaper from December 2017 to April 2018. Table grapes featured on a half-page throughout the peak season to boost awareness of Australian seasonality, highlight local growers and focus on the versatility and 'snackability' of table grapes. *Fresh Magazine* has 455,000 readers per month.

Retailer engagement

During 2017/18, there was also work to directly engage the major retailers, assisting them in better understanding and managing the grape category and tying into R&D work with growers around quality standards and the consistent production and supply of fruit that meets consumers' expectations.



EXPORT MARKET ACTIVITY

Trade seminars in Japan and South Korea

International marketing activities for Australian table grapes kicked off in January 2018, with seminars in the key export markets of Japan and South Korea. These launched the new Taste Australia marketing campaign in-market, provided a trade update on the upcoming season, and let key buyers and influencers know why Australian table grapes are so great.

In Japan, the seminars were held in Osaka and Tokyo. Jeff Scott, CEO of the Australian Table Grape Association, represented the Australian industry, providing an overview of Australian table grapes and unique selling propositions, as well sharing the marketing campaign in Japan this season. A contingent of Australian exporters also attended the seminars.

In total, some 180 Japanese representatives attended both the Osaka and Tokyo events. A post-event survey was conducted, where 155 participants responded with strong positive feedback, with 93 per cent believing the seminars will assist them in future with the sale of Australian table grapes, and 95 per cent wanting the event to be held again in the future. Most respondents also shared that they were either 'very satisfied' or 'satisfied' with Australian table grapes when compared to other imported table grapes.

The South Korean seminar had in attendance 70 industry decision-makers, including local fresh produce importers, wholesalers and retailers, as well as media and six Australian exporters.

Following the trade seminar, two major Korean table grape importers were organised to visit Victoria's table grape growing regions to discuss sourcing table grape exporters. With the Korea-Australia Free Trade Agreement benefit for importing Australian table grapes, in the latest season there was a very positive perception toward Australian table grapes in South Korea, and an increase in export during the year.





Taste Australia retail promotions

In late 2017, Taste Australia replaced 'Now in Season' as the face of export marketing programs representing Australian horticulture. For table grapes, Taste Australia retailer-based activity ran from February to June 2018, being conducted in seven export markets.

Broadly, the campaign involved elements including launch events, in-store activations, public relations activity (PR) and social media activity.

- » Supporting the trade seminars described earlier, **Japan** saw 12 retailers taking part in the Taste Australia promotional program across 56 stores, with sampling and collateral support in-store.
- » **In South Korea**, following the trade seminar there was a Taste Australia consumer launch to drive awareness and public relations outcomes. Three retailers were involved in in-store sampling, with 430 sampling days between them. Social media coverage through various channels made this one of the most touched markets, with a reach of 350,000 from one influencer alone. One of Korea's largest luxury retail chains, Hyundai Department Store, also committed to stocking only Australian table grapes following strong sales and consumer feedback off the back of the end-to-end program.



- » **In Thailand**, activity brought the story of Australian grapes to life with presentations, cooking demonstrations and dancing koalas in stores. There were 152 sampling days across a host of key retailers, while retailer training was also conducted on the topics of storage, handling and merchandising Australian table grapes. Print and online media was used to draw consumers to retailers involved in the campaign as well.
- » **In Indonesia**, three key retailers took part in the campaign, with 28 days of in-store sampling between them. Some 65 per cent of customers went on to purchase table grapes after tasting, and the retailers expressed interest in extending the in-store activities by promoting Australian fruits all year long. Social media promoting Australian table grapes was also used to reach 235,320 people during this campaign.
- » **In the Vietnamese market**, retail partners saw sales increase between 100 and 214 per cent compared to pre-promotional sales figures. A complementary social media campaign also helped to drive awareness of the Australian table grape season.
- » **The Philippines** had 31 stores take part in promotional activity, with Australian table grape sales results up 123 per cent compared to pre-promotional sales figures. Retailers provided positive feedback, including that they found the new Taste Australia look and branding more sophisticated, premium looking, and clean. The launch of Facebook and Instagram campaigns running alongside the retail activity was also well received by retailers, who became more active on social media this season.
- » **In China**, three retailers took part in Australian table grape promotions across 13 stores. The promotions were well received by retailers, with continuous efforts wanting to be made going forward to improve the loyalty of Chinese consumers to Australian table grapes.

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	852,911	2,848,108	3,701,019
Levies from growers (net of collection costs)	933,702	951,876	1,885,578
Australian Government money	826,167	–	826,167
Other income*	23,063	77,618	100,682
TOTAL INCOME	1,782,932	1,029,494	2,812,426
Project funding	1,364,792	241,759	1,606,551
Consultation with and advice from growers	34,736	7,902	42,638
Service delivery – Base	57,832	10,317	68,148
Service delivery – Shared	87,574	15,622	103,196
Service delivery – Fund specific	107,402	19,159	126,561
TOTAL EXPENDITURE	1,652,335	294,759	1,947,094
Levy contribution to across-industry activity	35,342	–	35,342
CLOSING BALANCE	948,167	3,582,843	4,531,009
Levy collection costs	59,850	41,675	101,526

At the end of 2016/17, the industry's pro rata share of levy funds were committed to strategic reserves (\$134,992 for R&D and \$147,925 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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