

Fund Impact Assessment program 2020-21: Cherry industry summary

What was the research about

During 2022, Hort Innovation engaged independent consultants to evaluate the impact of cherry research and development completed over the five years ending 30 June 2021. Impact assessments seek to provide insights into the type and magnitude of impacts generated from Cherry Fund investments.

The evaluation revealed a range of economic, social and environmental benefits being generated for cherry growers, supply chain participants and the community at large.

About the impact assessment process

1. Project population defined

A pool of Cherry Fund research and development (R&D) projects was identified, with the criteria of being completed between 1 June 2016 and 30 June 2021 and with a Hort Innovation managed investment value of at least \$80,000 – met by a total of 7 projects with a Hort Innovation investment value of \$2.44 million.

2. Projects sampled

From this pool a random sample of three projects was selected (listed in subsequent tables). Together these three projects had a nominal Cherry Fund value of \$1.35 million (55 per cent of the overall investment value). The projects aligned with cherry Strategic Investment Plan (SIP) 2017-2021 Outcome 2 (grow export demand), Outcome 3 (reduce costs) and Outcome 4 (industry culture).

3. Projects evaluated

Each of the three projects was evaluated using a logical framework approach, to map the impact pathway from activities, outputs and outcomes and impacts. Impacts were identified across economic, social, and environmental themes where appropriate. Where sufficient evidence and data allowed, the identified impacts were then valued in monetary terms.

The approach for evaluating the impacts was performed in line with impact assessment guidelines defined by the Council of Rural RDCs. The impact assessment consultants reviewed project documentation, and engaged with eight researchers, Hort Innovation staff, growers, and other industry stakeholders to support the evaluations.

The results

As shown in Table 1, the impact assessment process valued impacts for two of the three project sampled.

It is important to note, however, that while some impacts were valued, other benefits were not able to be quantified due to a lack of evidence or data to confidently attribute in impact. As such, the results give a conservative estimate of the true benefits that will be realised. As such, the results give a conservative estimate of the true benefits that will be realised.

For similar reasons, the potential impacts of the remaining project could not be valued in monetary terms. For this project only the present value of costs was reported, with all other investment criteria appearing as NR (not reported).

Across the three projects, when the investment costs and benefits are grouped together, the benefit cost ratio is equal to 2.54:1 (or \$2.54 of benefit generated for industry for every \$1 in total RD&E funding).

Through the assessments, 14 impacts were identified as having been generated directly by the three randomly selected projects or have the potential to be generated. Economic and social impacts were grouped into the following 4 broad categories. Environmental impacts included increased environmentally sustainable production from adoption of industry best practice.

Economic impacts

Increased farm productivity and profitability through improved grower knowledge of the performance of farm inputs and R&D initiatives. Identified for 2/3 sampled cherry projects.

Example. CY12010 improved grower and nursery knowledge of the performance of dwarfing rootstocks using bench graft,

contributing to more informed selection, budgeting, orchard establishment and management that supports production efficiencies.

Enhanced export value through improved market access conditions into lucrative markets for producers. Identified for 1/3 sampled cherry projects.

Example. CY16004 Export readiness and market access resulted in increased share of exported cherries receiving a price premium in lucrative markets by supporting export registration and improved adherence to chemical residue impacts.

Social impacts

Increased knowledge and scientific capacity through the development of the skill sets of growers, local communities, allied industries and researchers. Identified for 3/3 sampled cherry projects.

Example. CY16004 Export readiness and market access supported the development of export markets and trade negotiations which has underpinned further development of an export culture within the cherry industry.

Productivity/profitability benefits having a flow-on effect to support improved community wellbeing in cherry growing areas. Identified for 2/3 sampled cherry projects.

Example. CY16004 Export readiness and market access that supports a more profitable and sustainable cherry industry will generate flow-on income and employment opportunities in cherry growing areas.

Reporting against the Strategic Investment Plan 2017-2021

Impact assessment results can also be used to understand the impacts achieved by the SIP outcome area. The results provide an assessment of indicative impacts by project but are not representative of all investments undertaken in each outcome area.

Table 1. Reporting against industry Strategic Investment Plans 2017-2021

Project code	Project Name	Present value of benefits (\$M)	Present value of costs (\$M)	Net present value (\$M)	Benefit-cost ratio
Outcome 1: Increase the unit value of fruit sold onto the domestic market to improve industry economic sustainability					
No projects sampled					
Outcome 2: Grow export markets to leverage the forecast increase in production over the next five years					
CY16004	<i>Export readiness and market access</i>	5.53	1.59	3.94	3.48
Outcome 3: Reduce costs at every level of the supply chain to improve global competitiveness					
CY12010	<i>Comparing the performance of new cherry rootstocks</i>	1.02	0.43	0.59	2.38
Outcome 4: A culture of continuous improvement has been embedded, improving industry professionalism and profitability					
CY15002 and CY16003	<i>Cherry Communication Program</i>	NA	0.56	NA	NA
TOTAL SAMPLE		6.55	2.58	3.97	2.54

Glossary of economic terms

The following economic terms have been used in the above table, illustrating the cost-benefit analysis results by project sampled:

Present value of benefits: The discounted (at 5%) value of benefits to 2021/22 terms.

Present value of costs: The discounted (at 5%) value of investment costs to 2021/22 terms.

Net present value: The present value of the benefits of an investment, less the present value of the costs.

Benefit-cost ratio: The ratio of the present value of investment benefits to the present value of investment costs.

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