

Summerfruit

Strategic Investment Plan

2022-2026



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EXECUTIVE SUMMARY

The overarching strategic intent of this Strategic Investment Plan (SIP) is to improve international competitiveness, profitability and sustainability of the Australian summerfruit industry through advancements in orchard systems, effective biosecurity systems and quality improvements in the supply chain to grow domestic and international demand.

The summerfruit SIP 2022-2026 provides a roadmap to guide Hort Innovation's investment of summerfruit industry levies and Australian Government contributions, ensuring investment decisions are aligned with industry priorities.

The Australian summerfruit industry situation in 2019/20 is described on **page 4** with further information provided in **Appendix 1**. In Australia, the summerfruit industry includes peaches, nectarines, apricots and plums. The industry is undergoing a transition to gradually become more export oriented. Production volumes have followed a downward trend over the past eight years since 2013, decreasing from 159,955 tonnes to 137,716 tonnes in 2020, however, production value has increased significantly.

The strategic intent of this SIP provides a summary of how the summerfruit industry will drive change over the life of the SIP, which will ultimately come about by growers having access to the tools required to increase their profitability and to meet the sustainability demands of consumers in both domestic and export markets.

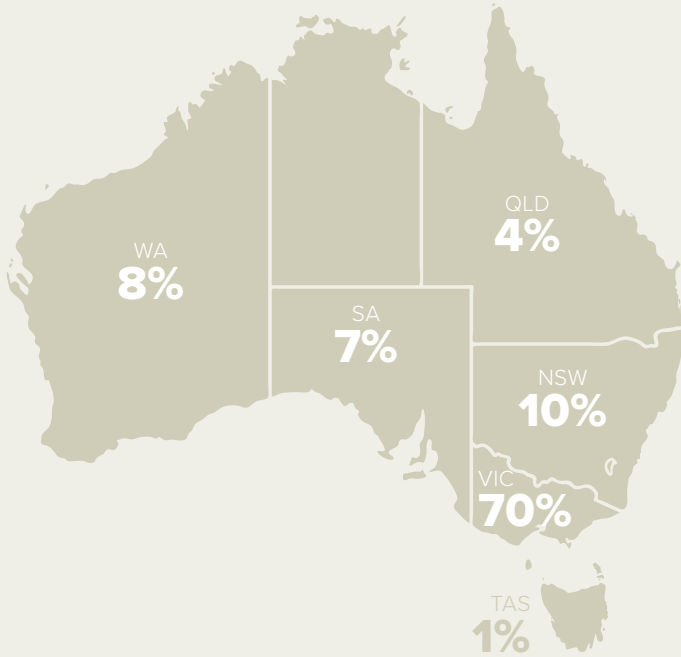
The financial estimates give an indicative overview of the funding availability for the period of FY2022-FY2026. Currently the summerfruit research and development (R&D) fund is invested until FY2023, and careful prioritisation of future investment needs will be required over the next five years.

The four outcome areas of this SIP cover significant themes under which programs and investments will be focused. These are listed in priority order for the summerfruit industry. Demand will remain the focus for this SIP as the industry continues to identify and prioritise export and domestic market niches where there is demand and growth potential for competitive supply of quality Australian summerfruit. This is followed by productivity/supply, which will focus on improving industry preparedness and resilience to biosecurity threats and supporting a national approach to fruit fly management.

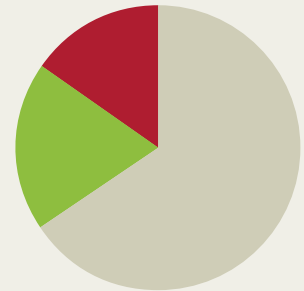
The key performance indicators (KPIs) detail how the impact of each strategy will be measured, for example, increase domestic consumer demand, and build international consumer awareness for Australian summerfruit through improving knowledge, attitudes and purchase intent by positive influence on consumer preference.



PRODUCTION REGIONS:



EXPORT/FRESH DOMESTIC/ PROCESSING:



Processing 19% Export 15% Fresh domestic 65%

NUMBER OF GROWERS:



Approx. **1,200**

PRODUCTION WINDOW:



APRICOTS
Nov-Mar

NECTARINES/PEACHES
Sep-May

PLUMS
Nov-May

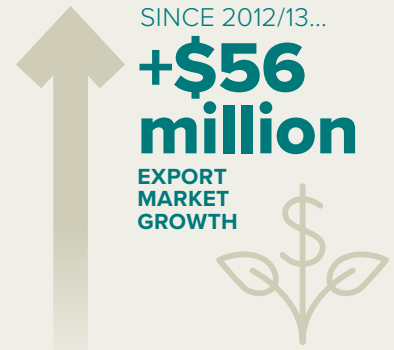
PRODUCTION VOLUMES:



137,716
tonnes

in 2019/20

GROWTH TRENDS:



Growth of export market from **11,437 tonnes** (\$33m) in 2012/13 to **21,269 tonnes** (\$89m) in 2019/20

PER CAPITA CONSUMPTION:



3.6 kg

in 2019/20

FARMGATE VALUE OF PRODUCT:



\$414 million

in 2019/20

VARIETIES:



**Apricots,
Peaches,
Nectarines,
Plums**

THE SUMMERFRUIT STRATEGIC INVESTMENT PLAN

The summerfruit SIP is the roadmap that will guide Hort Innovation's oversight and management of the summerfruit industry's investment programs. It lays the foundation for decision-making in investments and represents the balanced interest of the whole industry. The important function of this SIP is to ensure that the investment decisions align with summerfruit industry priorities.

Hort Innovation has led the process for preparing the refresh of the summerfruit SIP, listening and engaging with levy payers and key stakeholders, including Industry Representative Bodies (IRBs), and expertise available through advisory mechanisms and delivery partners. The refresh process involved consultation with and input from a wide range of levy payers, objective analysis of performance and learning from the previous SIP, as well as environmental scanning to identify emergent trends and issues that could impact on industry profitability and sustainability.

Hort Innovation has valued the support, advice, time, and commitment of all stakeholders that contributed to producing this SIP, especially summerfruit growers.

The whole-of-company approach taken by Hort Innovation to produce this SIP has harnessed existing external and internal knowledge, learning, partnerships and relationships. The output is a tailored plan with which the summerfruit industry can be confident of its strategic intent, including visibility on how investment impacts will be identified. Specific investments to address the SIP strategies and align with industry strategic priorities will be outlined in detail via the summerfruit Annual Investment Plan (AIP). The AIP will be published each year over the lifespan of the SIP and detail the investments that will be prioritised based on potential industry impact, as well as the availability of levy funds. Hort Innovation will advise industry stakeholders when the AIP has been published via established communication channels each year. The AIP will be developed with input from the summerfruit Strategic Investment Advisory Panel (SIAP), IRBs and other key stakeholders.

Producers in the summerfruit industry pay levies to the Department of Agriculture, Water and the Environment, which is responsible for the collection, administration and disbursement of levies and charges on behalf of Australian agricultural industries.

Agricultural levies and charges are imposed on primary producers by government at the request of industry to collectively fund R&D, marketing, biosecurity and residue testing programs.

Levy is payable on summerfruit that is produced in Australia and either sold by the producer or used by the producer in the production of other goods. The R&D levy rate on summerfruit is set at 0.539 cents per kilogram whilst the marketing levy is set at 0.441 cents per kilogram.

Hort Innovation has developed this SIP for the summerfruit industry to strategically invest the collected summerfruit levy funds into the priority areas identified and agreed by the summerfruit industry.

This SIP represents the Australian summerfruit industry's collective view of its R&D and marketing needs over the next five years (2022-2026). Learning, achievements and analysis of the previous SIP, consultation with Australian summerfruit levy payers, and synthesis of various strategic documents have been incorporated into the development of this SIP. **Appendix 3** acknowledges the people who were consulted in the preparation and validation of this SIP. Statistics and data within this publication are sourced from the Australian Horticulture Statistic Handbook 2019/20 and other documents unless stated otherwise and are listed in **Appendix 4**. A list of acronyms used within the document is available in **Appendix 5**.

Financial estimates

The annual revenue from levy income and Australian Government contributions for eligible R&D set the overall budget parameters for this SIP. Importantly, a portion of these funds is already committed, as the industry has current multi-year projects for R&D and marketing activities. In addition, the levy income from year to year will vary due to changes in seasonal and market conditions.

The financial estimates used for the purpose of developing this SIP are presented in **Table 1** below and are indicative. The intention of the table is to offer a strategic overview of the industry fund at a specific point in time, and the figures will be regularly reviewed to reflect the latest information for the industry and any changes in investment priority. Further details will be available within the AIP each year.

TABLE 1. Indicative financial estimates for the summerfruit SIP over the life of the SIP

	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$
R&D					
Balance end FY2021	63,570				
Estimated levy funds (growers)	480,000	490,000	490,000	490,000	490,000
Australian Government contribution	365,429	429,234	475,638	333,527	331,787
Current investments	630,000	560,000	250,000	5,000	2,000
New investments	–	180,000	570,000	570,000	570,000
Total project investments	630,000	740,000	820,000	575,000	572,000
CCR	100,858	118,469	131,276	92,053	91,573
Projected end balance	42,000	80,000	80,000	220,000	360,000
MARKETING					
Balance end FY2021	258,671				
Estimated levy funds (growers)	425,000	425,000	425,000	425,000	425,000
Current investments	290,000	290,000	305,000	305,000	305,000
New investments	150,000	140,000	140,000	130,000	130,000
Total project investments	440,000	430,000	445,000	435,000	435,000
CCR	91,401	89,324	92,440	90,362	90,362
Projected end balance	220,000	200,000	134,000	70,000	10,000

Disclaimer: All figures are indicative only and may change depending on actual income and expenditure.

Balance end FY2021 – The closing balance of the fund as at 30 June 2021

Estimated levy funds – Net levy income/revenue that is generated and collected by levy revenue services (LRS)

Australian Government contribution – Amount of contribution from the Australian Government on R&D levy-funded expenditure

Current investments – Current estimated value of contracted projects

New investments – The estimated dollar value that is available for potential new investments for industry subject to industry advice

CCR – Corporate cost recovery: the cost to implement and manage R&D and marketing investment programs for each industry

Projected end balance – Forecast of the anticipated final position of the fund



SUMMERFRUIT INDUSTRY OUTCOMES

The overarching strategic intent of this SIP is to improve international competitiveness, profitability and sustainability of the Australian summerfruit industry through advancements in orchard systems, effective biosecurity systems and quality improvements in the supply chain to increase domestic and international demand.

Industry outcomes

Outcome statements as identified and prioritised by the summerfruit industry have been prepared under four key outcome areas: demand creation; industry supply, productivity and sustainability; extension and capability; and business insights.

OUTCOME 1: Demand creation

Contribute to improving consumer knowledge, attitudes, and purchase intent to drive volume growth.

Demand creation will support industry to develop existing and future markets, domestically and internationally. This will contribute to improved consumer knowledge and attitudes and encourage purchase intent to drive category volume growth.

The strategic intent of this outcome is to maintain and strengthen consumer demand, as the foundation for sustainable expansion of production and consumption in both domestic and international markets. It means the industry is investing to:

- Maintain and enhance domestic and international market access – including access to new priority markets identified in the export strategy (including Vietnam, the USA, Japan and South Korea) and support industry to diversify into alternate markets, which have not yet been fully exploited (e.g., India and Canada); and identify and prioritise export and domestic market niches where there is demand and growth potential for competitive supply of quality Australian summerfruit
- Develop strong relationships across the supply chain with a shared goal to improve quality and grow the category
- Support product positioning with consistent quality, evidence of beneficial product health attributes and responsible industry production practices
- Broaden consumer awareness so that summerfruit products are more top of mind and purchased more frequently.



OUTCOME 2: Industry supply, productivity and sustainability

Improve industry productivity (inputs/outputs) to maintain local and international competitiveness and viability of supply.

Supply and productivity will be supported through improvements to production efficiencies that will drive profitability outcomes, while ensuring long-term sustainability outcomes.

The strategic intent of this outcome is to accelerate the application of production practices that optimise returns and reduce risk to growers. Achieving the outcome will involve:

- Protecting the production base through robust biosecurity systems, including fruit fly
- Sustainable production practices that optimise orchard systems, water, and labour efficiencies
- Enhancing crop pollination and resilience through improved pollination security
- Maintaining international competitiveness through consistent quality
- Proactively monitoring potential crop protection regulatory threats and having access to a broader suite of effective, socially acceptable and environmentally sound crop protection solutions.

OUTCOME 3: Business insights

Measure industry supply (production) and demand (consumer behaviour) data and insights to inform decision-making.

Business insights will support the industry to remain aware of market and industry trends to drive informed decision-making.

The strategic intent of this outcome is to deliver data and insights which is foundational to achieving success in the other three outcome areas of demand creation; industry supply, productivity and sustainability; and extension and capability.

Achieving the outcome will involve reliable baseline data and analysis to provide insights and understand current and emerging trends. Key investments will support the provision of consumer knowledge and tracking, trade data, independent reviews, production statistics and forecasting to enable better decision-making process at industry level and individual businesses.

These investments underpin and are complementary to the delivery of the other outcome areas as decisions informed by high-quality information and analysis are likely to lead to better outcomes.

OUTCOME 4: Extension and capability

Building capability and an innovative culture will support industry cohesion and increase use of relevant investment outputs across the supply, demand and insight initiatives.

The strategic intent of this outcome is to manage knowledge, relationships, systems and the processes required to communicate effectively with internal and external stakeholders. Achieving the outcome will involve:

- A positive change in knowledge, attitude, skills, aspiration (KASA) and practice for grower/industry profitability and sustainability through use of best management practices (BMPs) and innovation
- Maintaining and improving industry cohesiveness, with the majority of businesses and the industry supply chain actively engaged in implementing the strategy
- Growers, supply chain, media and governments being well informed on industry initiatives and achievements as a vital part of regional communities and networks
- Improving networks and cross-industry collaboration to increase use of R&D outputs and build a stronger, more resilient industry
- Proactive strategic and evidence-based decision-making in businesses and for industry on investment, priorities and risk management.



SUMMERFRUIT INDUSTRY STRATEGIES

Strategies to address industry investment priorities

The strategies and identified impacts for each of the key outcome areas are described in the tables below. The highest priority investments lay the foundation for the SIP, and its implementation will require a balanced approach to ensure the industry has a high likelihood of success over the short term (0-3 years), medium term (3-5 years) and long term (5-10 years).

The ability to deliver on these strategies (and subsequent investments) will be determined by the ability of the statutory levy to provide the resources to do so. Further resources and efficiencies may potentially become available through alternative funding sources by way of Hort Frontiers strategic partnership initiative, external grants and/or cross-industry initiatives.

OUTCOME 1: Demand creation

Demand creation supports the Australian summerfruit industry to develop existing and future domestic and international markets.

STRATEGIES	POTENTIAL BENEFIT OR IMPACT
1. Develop and implement a national industry export strategy which takes into account regionally specific opportunities for new and improved market access	<ul style="list-style-type: none"> Industry agreement and support for the implementation of an export strategy Diversified export markets and increased market access for Australian summerfruit
2. Maintain and improve trade through business-to-business engagement activities and in-market representation in mature and emerging trade markets	<ul style="list-style-type: none"> Increased trade and export volume and value
3. Increase domestic consumer demand and build international consumer awareness for Australian summerfruit through improving knowledge, attitudes and purchase intent	<ul style="list-style-type: none"> Increased consumer demand for Australian summerfruit



OUTCOME 2: Industry supply, productivity and sustainability

The Australian summerfruit industry has increased profitability, efficiency and sustainability through innovative R&D and sustainable BMPs.

STRATEGIES	POTENTIAL BENEFIT OR IMPACT
1. Improve industry preparedness and resilience to biosecurity threats and support a national approach to fruit fly management, including improving access to existing and new markets	<ul style="list-style-type: none"> Improved industry biosecurity preparedness for exotic plant pests, reducing their impacts in the event of an incursion (e.g., fire blight, Oriental fruit fly, Varroa mite) Reduced impacts of endemic fruit flies, improving productivity, reducing costs and supporting market access
2. Prioritise major crop protection gaps through a Strategic Agrichemical Review Process (SARP)*	<ul style="list-style-type: none"> Available registered or permitted pesticides are evaluated for overall suitability against major disease, insect pests and weed threats. The SARP aims to identify potential future solutions where tools are unavailable or unsuitable
3. Support and co-ordinate crop protection regulatory activities with the potential to impact plant protection product access, both in Australia and internationally*	<ul style="list-style-type: none"> Regulatory Risk Assessments have informed proactive strategic priority setting to avoid pest management gaps in the event access or use is negatively impacted
4. Generate residue, efficacy and crop safety data to support applications to the Australian Pesticides and Veterinary Medicines Authority (APVMA) that seeks to gain, maintain or broaden access to priority uses for label registrations and/or minor use permits for crop protection needs*	<ul style="list-style-type: none"> Crop protection solutions meet industry priority needs as identified in the industry SARP or biosecurity plan
5. Continue to optimise productivity, quality of fruit and sustainability of orchard systems through targeted research including rootstock, canopy design, crop load, labour efficiency and automation/mechanisation	<ul style="list-style-type: none"> Orchard plantings are optimised for production efficiency and improved profitability Growers have options for automation and mechanisation to reduce production costs and labour inputs
6. Equip industry to understand and respond to the impact of climate variability and extremes on both production and marketing	<ul style="list-style-type: none"> Reduced crop losses due to climate impact
7. Support pollination security through robust honey bee health, including pest and disease mitigation	<ul style="list-style-type: none"> Access to honey bees for pollination is maintained



OUTCOME 3: Business insights

The Australian summerfruit industry is more profitable through informed decision-making using consumer knowledge and tracking, trade data, production statistics and independent reviews.

STRATEGIES	POTENTIAL BENEFIT OR IMPACT
1. Use industry production benchmarking activity to measure and track individual and industry productivity and profitability	<ul style="list-style-type: none"> Improved data on cost of production across enterprises of different scale Opportunities identified for cost reduction
2. Use trade data to guide ongoing export development opportunities*	<ul style="list-style-type: none"> Increased knowledge and scientific/research capacity
3. Develop consumer insights on product quality, purchasing behaviour and brand-positioning opportunities*	<ul style="list-style-type: none"> Business insights provided to deliver against demand, trade, supply and extension outcomes

OUTCOME 4: Extension and capability

Improved capability and an innovative culture in the Australian summerfruit industry maximises investments in productivity and demand.

STRATEGIES	POTENTIAL BENEFIT OR IMPACT
1. Deliver communication and extension capability to create positive change in the priority areas for the summerfruit industry that is supportive of maximising sustainable profitability, driving export opportunities, biosecurity and product integrity	<ul style="list-style-type: none"> A change/progression in awareness, knowledge and attitudes for greater profitability and sustainability which support the adoption of best practice and innovations (e.g., orchard management, fruit quality, export capability) Broad awareness of industry initiatives and achievements as a vital part of regional communities and networks
2. Strengthen industry leadership through initiatives and training	<ul style="list-style-type: none"> Proactive, strategic and evidence-based decision-making for industry on investment, priorities and risk management
3. Provide the opportunity for engagement within the summerfruit industry with other industries and stakeholders to innovate through trusted relationships	<ul style="list-style-type: none"> Improved networks and cross-industry collaboration increase efficiencies and use of R&D outputs and build a stronger, more resilient industry

* Foundational investments provide data and information that underpin the delivery of other SIP outcome areas and will be aligned to this strategy. Foundational investment areas include:

- Consumer behavioural data
- Consumer usage and attitudes, and brand health tracking data
- Impact assessments
- Trade data
- Crop protectant data.





SUMMERFRUIT SIP MONITORING AND EVALUATION

The summerfruit SIP Monitoring and Evaluation (M&E) Framework development has been informed by Hort Innovation’s Organisational Evaluation Framework.

Progress against the SIP will be reported in Hort Innovation publications and through industry communication channels. The SIP outcomes and strategies are used to inform KPIs that in turn drive the investments and individual projects to deliver on the SIP. Projects responsible for delivering the strategy aligned with each KPI will collect the data.

An M&E and reporting framework is shown below. The framework shows what will be measured to demonstrate progress against the SIP and how metrics will be tracked. Reporting on KPIs will be processed through various formal channels to inform industry and government investors of progress, performance, and impact. Data sources to support M&E will be identified and collected as part of the requirements for each levy investment.

Hort Innovation will facilitate the regular review of the SIP to ensure it remains relevant to industry.

Summerfruit SIP Monitoring and Evaluation Framework

The summerfruit SIP M&E Framework is shown below. It includes KPIs and data collection methods both at a macro/industry (trend) level and at more specific SIP strategic level/s.

OUTCOME	STRATEGIES	KPIs
Demand creation		
Outcome 1: Demand creation supports the Australian summerfruit industry to develop existing and future domestic and international markets.	1. Develop and implement a national industry export strategy which takes into account regionally-specific opportunities for new and improved market access	<ul style="list-style-type: none"> • Development of an export strategy which targets new markets for summerfruit in collaboration with growers • Increased export market opportunities • Support for technical access to selected export markets (e.g., case studies)
	2. Maintain and improve trade through business-to-business engagement activities and in-market representation in mature and emerging trade markets	<ul style="list-style-type: none"> • Collaboration with other industries for in-market representation
	3. Increase domestic consumer demand and build international consumer awareness for Australian summerfruit through improving knowledge, attitudes and purchase intent	<ul style="list-style-type: none"> • Positive influence on consumer preference • Use of nutritional information to support consumer demand



OUTCOME	STRATEGIES	KPIs
Industry supply, productivity and sustainability		
<p>Outcome 2: The Australian summerfruit industry has increased profitability, efficiency and sustainability through innovative R&D and sustainable BMPs.</p>	1. Improve industry preparedness and resilience to biosecurity threats and support a national approach to fruit fly management, including improving access to existing and new markets	<ul style="list-style-type: none"> Maintenance/tracking of the implementation of an industry biosecurity plan Development of risk analyses for high priority pests (exotic and endemic fruit flies, fire blight, Varroa mite) including entry pathways, establishment and spread potential
	2. Prioritise the major crop protection gaps through a SARP*	<ul style="list-style-type: none"> Coordinated industry priority setting with a clear outlook of gaps and risks in existing pest control options Industry priority needs published and shared with stakeholders, including registrants
	3. Support and co-ordinate crop protection regulatory activities with the potential to impact plant protection product access, both in Australia and internationally*	<ul style="list-style-type: none"> Regulatory Risk Assessments maintained
	4. Generate residue, efficacy and crop safety data to support applications to the APVMA that seeks to gain, maintain or broaden access to priority uses for label registrations and/or minor use permits for crop protection needs*	<ul style="list-style-type: none"> Data to support applications to the APVMA and the establishment of Maximum Residue Limits (MRLs)
	5. Continue to optimise productivity, fruit quality and sustainability of orchards systems through targeted R&D including rootstock, canopy design, crop load, labour efficiency and automation/mechanisation	<ul style="list-style-type: none"> New knowledge available for growers on orchard systems
	6. Equip industry to understand and respond to the impact of climate variability and extremes on both production and marketing	<ul style="list-style-type: none"> Improved knowledge and development of mitigation strategies
	7. Support pollination security through robust honey bee health, including pest and disease mitigation	<ul style="list-style-type: none"> Evidence of sustainable honey bee health through surveillance data, including development of recommended practices to manage hive health in the presence of Varroa mite based on experiences and learnings from New Zealand
Business insights		
<p>Outcome 3: The Australian summerfruit industry is more profitable through informed decision-making using consumer knowledge and tracking, trade data, production statistics and independent reviews.</p>	1. Use industry production benchmarking activity to measure and track individual and industry productivity and profitability	<ul style="list-style-type: none"> Data available to support extension activities and individual grower decision-making Evidence of data used to support industry-level decision-making and grower practice change
	2. Use trade data to guide ongoing export development opportunities*	<ul style="list-style-type: none"> Supply of trade data outputs to meet stakeholders needs
	3. Develop consumer insights on product quality, purchasing behaviour and brand-positioning opportunities*	<ul style="list-style-type: none"> Delivery of consumer insights strategy Evidence that consumer insights inform strategic market engagement and demand drivers

OUTCOME	STRATEGIES	KPIs
Extension and capability		
Outcome 4: Improved capability and an innovative culture in the Australian summerfruit industry maximises investments in productivity and demand.	1. Deliver communication and extension capability to create positive change in the priority areas for the summer fruit industry that is supportive of maximising sustainable profitability, driving export opportunities, biosecurity and product integrity	<ul style="list-style-type: none"> An increase in engagement, awareness and knowledge of R&D project outputs especially in relation to maximising sustainable profitability, driving export opportunities, biosecurity and product integrity
	2. Strengthen industry leadership through initiatives and training	<ul style="list-style-type: none"> Increased participation in industry leadership initiatives
	3. Provide the opportunity for engagement within the summerfruit industry with other industries and stakeholders to innovate through trusted relationships	<ul style="list-style-type: none"> Grower satisfaction with growth in cooperation within industry and across industries leading to business and industry innovations (e.g., survey data)

* Foundational investments provide data and information that underpin the delivery of other SIP outcome areas and will be aligned to this strategy. Foundational investment areas include:

- Consumer behavioural data
- Consumer usage and attitudes, and brand health tracking data
- Impact assessments
- Trade data
- Crop protectant data.

Reporting framework

Hort Innovation will use dynamic reporting aligned to the Organisational Evaluation Framework to report regularly on progress and performance. Reporting will be processed through formal channels to inform industry and government investors.

A review of investment performance against the respective industry outcome and/or strategy-level KPIs for the summerfruit SIP will be completed annually as the primary reporting mechanism. The SIP performance report will provide:

- Evidence of progress towards achieving the industry-specific outcomes and strategies through an assessment of the KPIs identified in the SIP
- Evidence of progress towards cross-industry investment strategies and outcomes. It will involve Hort Innovation's whole-of-horticulture reporting obligations and corporate plan and involve annual reports and Hort Innovation's Annual Operating Plan.

SIP performance reports will also inform the Australian Government of progress towards achieving government priorities. In particular, reporting will support Hort Innovation to meet the Performance Principles and requirements contained in the [Deed of Agreement 2020-2030](#).

“The important function of this SIP is to ensure that the investment decisions align with summerfruit industry priorities.”



COLLABORATION AND CROSS-INDUSTRY INVESTMENT

Based on advice from industry throughout the engagement process, Hort Innovation understands that Australian horticulture industries have common issues, and in turn we have identified prospective areas for collaboration and cross-industry or regional investment.

These opportunities have been included as strategies across multiple industry SIPs where relevant and required. By delivering more multi-industry collaboration in research, development and extension (RD&E), marketing and international trade, Hort Innovation aims to support more effective and efficient outcomes for growers and the wider horticulture sector. This includes driving investment through the Hort Frontiers strategic partnership initiative. Importantly, while this approach acknowledges there is value in solving issues across industries and regions, it does not reduce the importance of industry-specific initiatives.

Cross-industry/regional R&D opportunities identified for the summerfruit industry include:

- An orchard improvement program
- Supply chain efficiencies and improvements to enhance quality of fruit reaching consumers, including postharvest pest and disease management
- Mechanisation and automation to improve labour efficiencies and quality of fruit
- Biosecurity and fruit fly management
- Adapting to a changing climate.

Cross-industry areas of collaboration for demand-driving outcomes provide the opportunity to advance the prosperity of the sector through gaining efficiencies in the delivery of the program and contributing to stronger overall outcomes. By collaborating as one sector to win the hearts and minds of the consumers, in addition to individual demand-driving programs, there is the potential to enhance the total category value proposition, contributing to driving returns for Australian growers.

Areas of consideration for collaboration for demand-driving outcomes across the lifespan of the summerfruit SIP 2022-2026 include:

- All-of-horticulture consumer marketing campaigns designed to drive awareness, consideration, and purchase behaviour change
- Communications to bring horticulture to top of mind (saliency) and reposition the benefits they provide to Australian and international consumers
- Retail partnerships to advance total category and shopper demand-driving programs
- A global brand platform to reinforce the unique selling proposition of Australian-grown horticultural produce and drive preference with international consumers.



Strategic science and research focus

The summerfruit SIP takes into consideration the research priorities of various industry stakeholders, including Summerfruit Australia Limited and Australian Fresh Produce Alliance (AFPA), and acknowledges the representation of these organisations. In developing the strategies presented within the summerfruit SIP, the strategic research areas that were considered are listed in **Table 2**.

TABLE 2. Summerfruit research priorities

Summerfruit Australia Limited priorities	AFPA strategic priority areas
Market access/R&D	Sustainability (climate change, water, packaging and shelf life)
Provision of technical information for growers	Trade (market access, industry capability development, technical exchange with export markets)
Maximise industry profitability	Biosecurity (managing pest and disease, integrated pest management (IPM), chemistry)
Communication channels	Food safety (systems and technology)
Promotion	Pollination (bees and flies, alternate pollinators, pollination in production systems)
Advocacy	

Collaboration across the agriculture research community is also essential, including with organisations such as the CSIRO, universities, private enterprise and state government agencies. Hort Innovation is a member of the National Horticulture Research Network (NHRN) together with other senior horticultural R&D representatives from state and Australian Government agricultural agencies. The NHRN is responsible for the development and implementation of the broader Horticulture RD&E Strategy under the National Primary Industries RD&E Framework.

Priorities and opportunities identified within the strategic plans of national and state agencies and research organisations have been considered in the development of the summerfruit SIP where applicable.

TABLE 3. Government and key agency priorities

Rural RD&E for Profit priorities	Australian Government Science and Research priorities
Advanced technology	Food
Biosecurity	Soil and water
Soil, water and managing natural resources	Advanced manufacturing
Adoption of R&D	Environmental change
	Health

This SIP has been developed alongside the government and key agency priorities listed in **Table 3**, with consideration of issues faced by the summerfruit industry. These strategic areas further emphasise the opportunity and importance of cross-industry and regional collaboration. All the priority areas are of importance to Australian horticulture, and these will play a role in driving the efficiency and effectiveness of investment across the sector.

Annual investment planning

Specific investments to address the SIP strategies and align with industry strategic priorities will be outlined in detail each year via the summerfruit AIP. Investment decisions are guided by the SIP and prioritised based on potential industry impact, as well as the availability of levy funds each year. The AIP will be developed with input from the summerfruit SIAP, which is made up of growers and other industry representatives as well as IRBs and other key stakeholders. Wherever possible, investments will be aligned to form multi-industry projects to increase the efficiency of funding availability. Details of the SIAP can be found on the Hort Innovation website [here](#), and the AIP will be published on the same page each year.

Investment opportunities through Hort Frontiers

Innovation is key to the future success of Australian horticulture. The next evolution of the long-range, higher risk and transformational R&D that has the potential to make a significant impact will be possible through Hort Innovation's Hort Frontiers strategic partnership initiative.

Hort Frontiers is a strategic partnership initiative that facilitates collaborative, cross-industry investments focused on the longer term and more complex themes identified as critical for Australian horticulture by 2030. The partnership framework is currently being established and will include a number of key investment themes for potential investment to guide the initiative and drive transformational R&D across horticulture. Key investment themes will include:

- Environmental sustainability (water, soil and climate)
- Pollination
- Green cities
- Biosecurity
- Health, nutrition and food safety
- Advanced production systems
- International markets
- Leadership
- Novel food and alternate uses (waste reduction).

The development of these areas for investment will benefit all of horticulture, with support from partners with aligned priorities to co-invest in deliverables identified that require alternative funds available outside the levy. Hort Frontiers is being developed to align with the Australian-grown Horticulture Sustainability Framework to invest in specific impact areas to drive innovation and sustainability initiative.

The summerfruit industry views a number of these investment areas as opportunities for success into the future, including:

- Environmental sustainability (water, soil and climate)
- Biosecurity
- Advanced production systems
- International markets
- Health, nutrition and food safety
- Leadership.

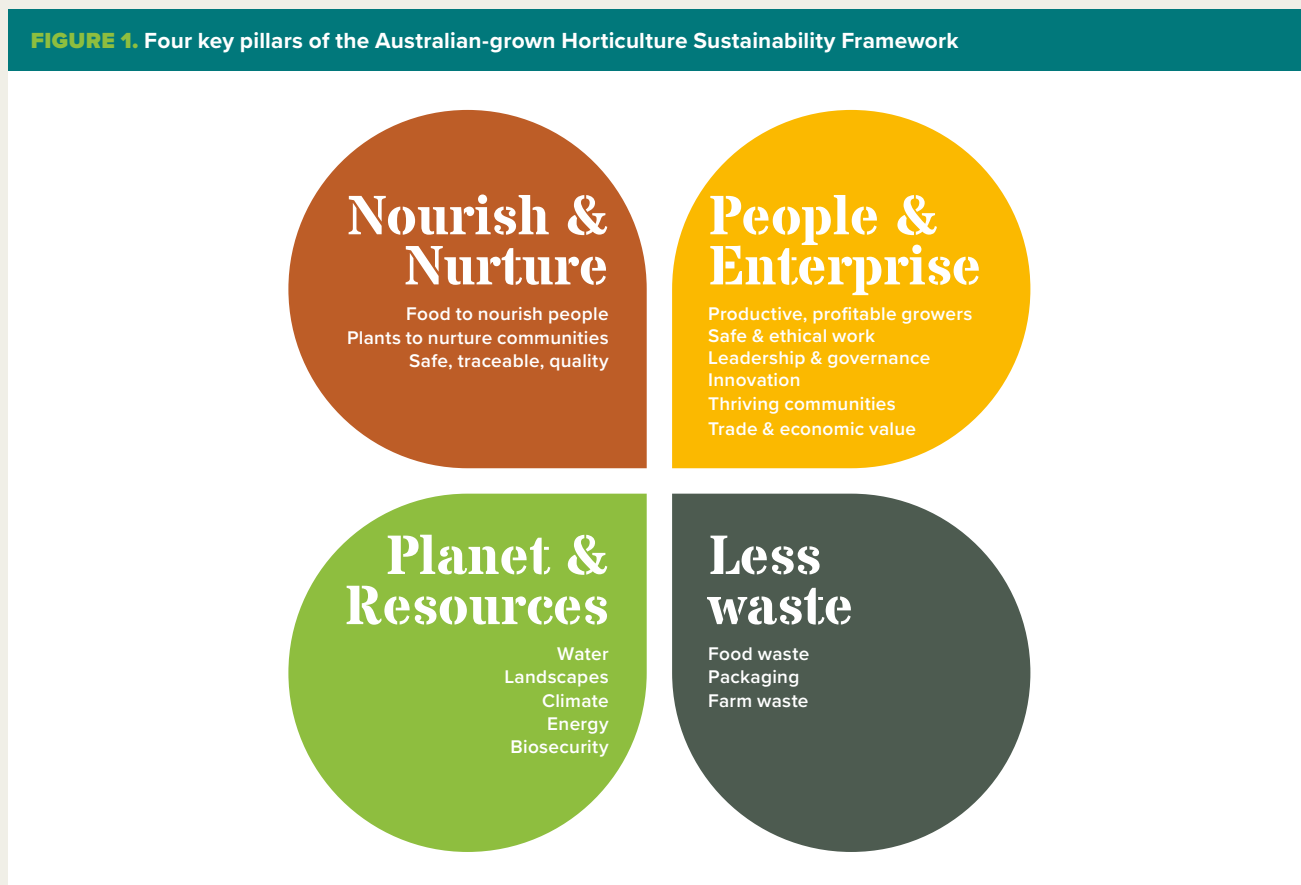
Partnering with Hort Frontiers on these areas would provide the summerfruit industry with opportunities for access to world-class research, specialised project management teams and large-scale R&D.



Australian-grown Horticulture Sustainability Framework

Hort Innovation has developed the Australian-grown Horticulture Sustainability Framework, aiming to strengthen the horticulture industry’s sustainability to meet the changing expectations and needs of growers, consumers, the community, investors and governments. The framework applies across the whole of Australian horticulture, including fruits, vegetables, nuts, nursery stock and turf. Through widespread consultation with industry and external groups, proposed sustainability goals and indicators were identified and are detailed within the framework. The framework is aligned to the UN Sustainable Development Goals.

Four key pillars were identified in the framework (*Figure 1*).



The framework should be cross-referenced when undertaking prioritisation of investments. At the time of publication, Hort Innovation is working with industry groups regarding the overall responsibility for the framework, setting and reporting progress against the framework targets and performance measures.

View the Australian-grown Horticulture Sustainability Framework on the Hort Innovation website [here](#).

Table 4 provides an example of a summerfruit SIP strategy that illustrates how the industry is already aligning to the framework.

TABLE 4. A summerfruit SIP strategy example showing how the industry is already aligning to the Australian-grown Horticulture Sustainability Framework

STRATEGY	IMPACT	SUSTAINABILITY GOAL
Support pollination security through robust honey bee health, pest and disease mitigation	<ul style="list-style-type: none"> Access to honey bees for pollination maintained 	Planet & Resources

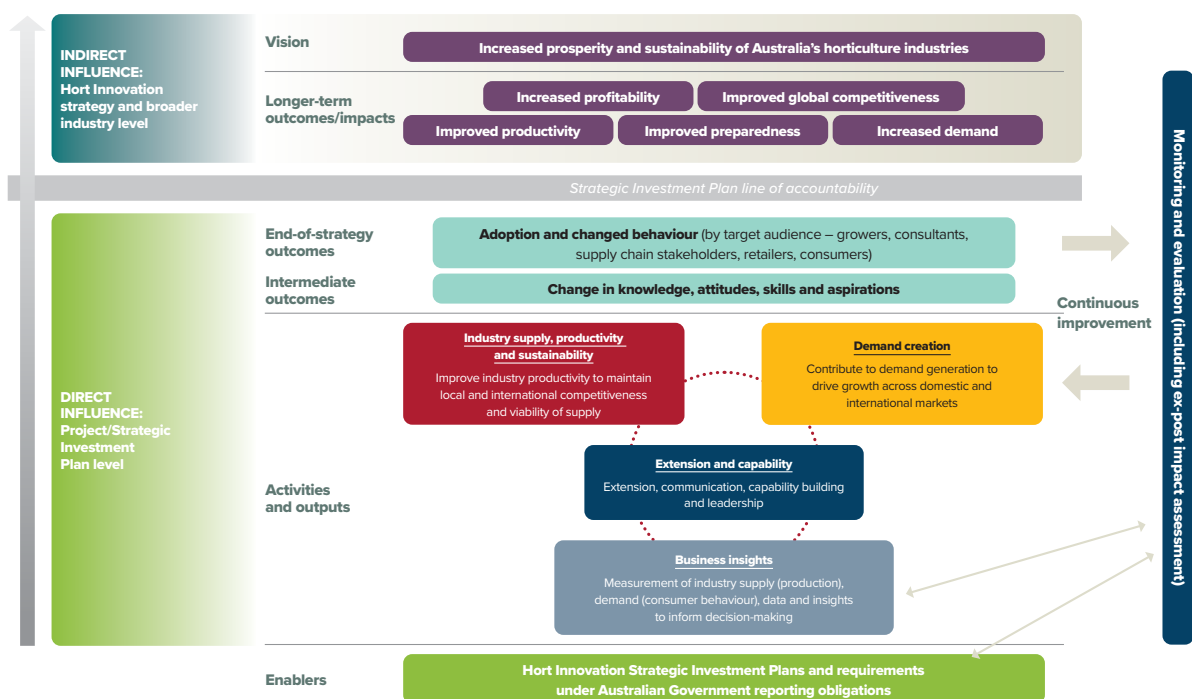
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Strategic Investment Plan logic

The SIP logic (Figure 2) identifies how investment activities and outputs (delivered through each SIP outcome area) will support changes in industry KASA, which drive adoption and behaviour change. Beyond the SIP, investment will contribute to driving longer-term impacts for the sector like increased preparedness, demand, productivity, global competitiveness and profitability. Realising these impacts will support Hort Innovation’s vision of increased prosperity and sustainability of Australia’s horticulture industries.

FIGURE 2. Strategic Investment Plan logic



Aligning to Hort Innovation investment priorities

Hort Innovation is committed to sustainable growth in horticulture, with the overarching aim of increasing the sector’s value to \$20 billion by 2030. We will do this through implementing the SIP and investments against the three core pillars, committed to:

1. Drive knowledge and innovation into horticulture industries
2. Deliver the highest value R&D, marketing and international trade investments across industries now and into the future
3. Enable activities that drive all strategic imperatives.

Hort Innovation is governed by a Deed of Agreement with the Australian Government, which allows for the transfer

and investment of levies and Australian Government contributions. As a Research and Development Corporation (RDC), Hort Innovation is able to leverage industry levy investments in RD&E with Australian Government contributions up to a value of 0.5% of the industry’s gross value of production. All investments made by Hort Innovation are thoroughly considered to ensure they contribute to the guiding performance principles:

- Productivity
- Profitability
- Preparedness for future opportunities and challenges
- Competitiveness
- Demand: demonstrates how productivity, preparedness and demand lead to profitability and competitiveness and sustainability.



APPENDICES

APPENDIX 1: Industry context

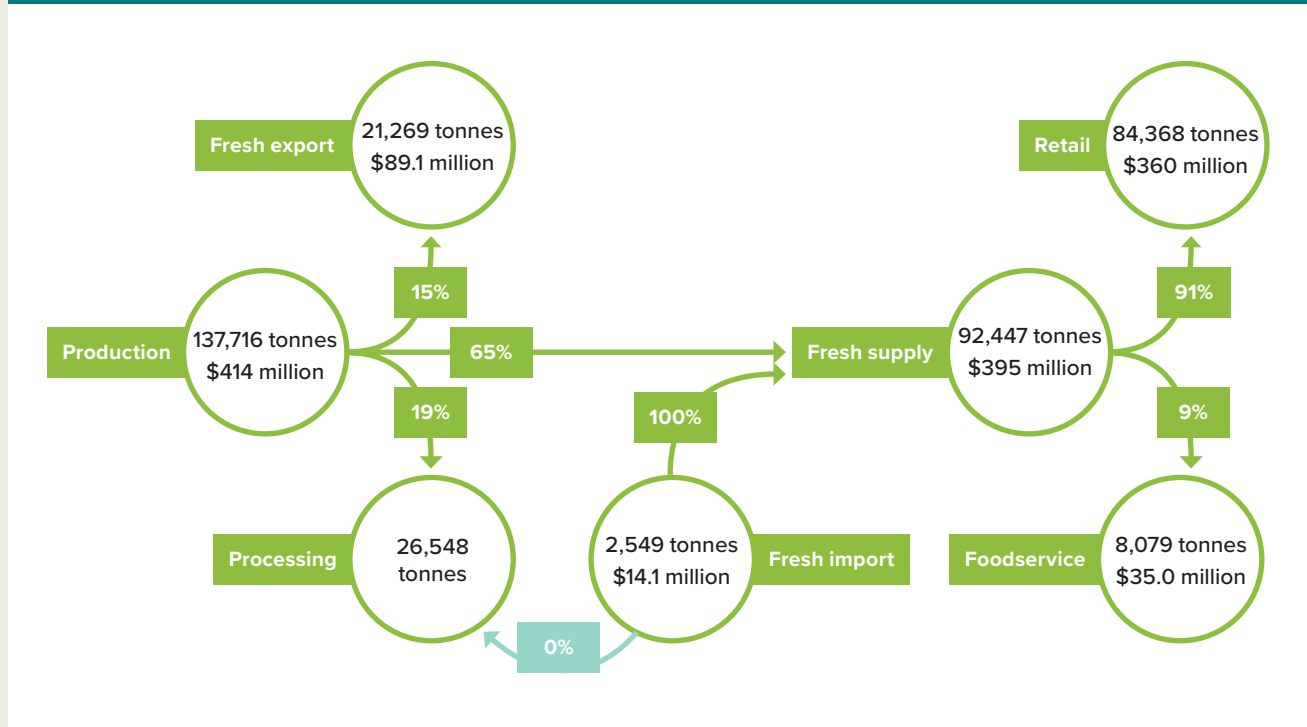
Industry supply chain

In Australia, the summerfruit industry includes peaches, nectarines, apricots and plums, of which nectarines are the most frequently purchased. Annual production of summerfruit is highly dependent on seasonal growing conditions.

The summerfruit industry is undergoing a transition. While it was once heavily reliant on the processing sector, now over 70% of production is sold as fresh fruit. In more recent years, the industry has gradually become more export oriented. The rising demand for Australian summerfruit in the Asian and Middle Eastern markets, which has been fuelled by the favourable exchange rate, has given the industry a great amount of optimism for the future export growth. However, success in exporting will be heavily reliant on gaining favourable market access protocols into more markets. The prospects for the processing sector are limited, with further decline in processing intake being forecast by the processors.

35,472 tonnes were sent to processing in 2014/15, representing a quarter of total production. This has reduced to 26,548 tonnes representing 19% of production in 2019/20.

FIGURE 3. Summerfruit supply chain, 2019/20



Source: Australian Horticulture Statistics Handbook (2019/20)

Summerfruit is one of the more diversified horticulture industries, with exports and processing combined accounting for 35% of total production volume. The remaining 65% is sent to the domestic fresh market, with only a small percentage of 9% of fresh supply sent to foodservice (**Figure 3**).

Domestic market and drivers of demand

Distribution through the retail channel is dominant (70% to 80%), with the remainder of production split between foodservice and export markets; for retail channels 60% to 70% is sold through major supermarkets and 30% to 40% through green grocers. 9% is sent to foodservice, which is around the average for fruit.

Summerfruit faces many competitors during the summer season from table grapes, mangoes, melons and tropical fruit.

Pricing of summerfruit is highly volatile, largely based on supply. Early-season fruit enjoys a strong premium, but it steadily declines later in the season as supply increases.

Retailers commonly promote on price during the peak season to move volumes and to clear supply bottlenecks, which are common for summerfruit. While these promotions are important to clear volumes, they tend to have a dilutive effect on prices over the season with prices steadily stepping down. They also drive commodity consumer behaviour, such that consumers have no reason not to buy on price. Repeated price promotions devalue products in the consumers' mind making them reluctant to pay full price. However, the summerfruit industry does get a chance to reset the consumer value proposition every season. This situation highlights the critical importance of the de-commoditising of the category as has been highlighted earlier.

Export markets

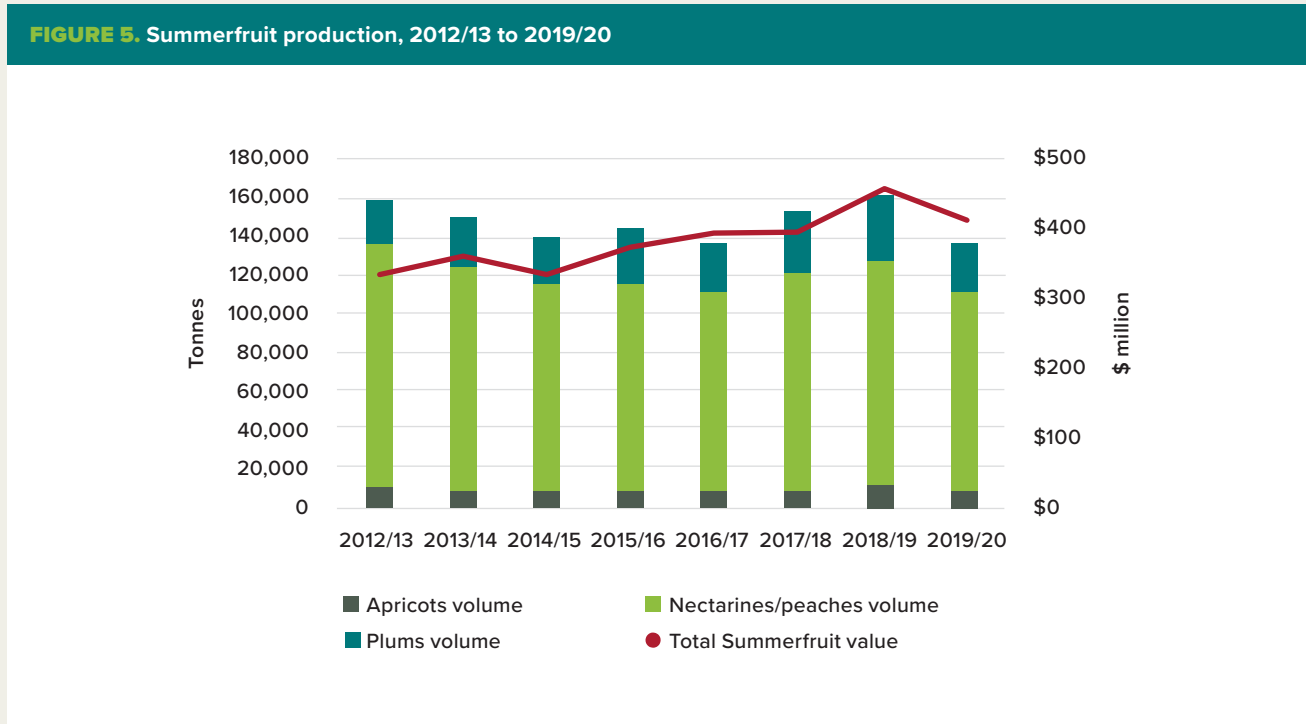


Source: Australian Horticulture Statistics Handbook (2019/20)

Summerfruit exports have experienced significant growth over the past eight years. This has been mainly driven by nectarine and peach exports, which have doubled from 7,786 tonnes in 2012/13 to 15,170 tonnes in 2019/20. Plum exports have also grown from 3,269 tonnes in 2012/13 to 5,214 tonnes in 2019/20. Export value has grown at an even faster rate, almost tripling from \$33 million in 2012/13 to \$89 million in 2019/20, indicating that export prices have grown over this time (Figure 4).



Industry production



Source: Australian Horticulture Statistics Handbook (2019/20)

Summerfruit production volumes have followed a downward trend over the past eight years, decreasing from 159,955 tonnes to 137,16 tonnes. This reflects both difficult seasonal conditions, especially in 2019/20, and a reduction in the summerfruit processing sector. Production value, on the other hand, has increased significantly, reaching a peak of \$461 million in 2018/19 up from \$331 million in 2012/13. Plum production volumes have experienced the highest growth, from \$43 million in 2012/13 to \$74 million in 2019/20, an increase of 41%. Apricot and nectarine/peach production volumes have both grown by 15% over the same period (Figure 5).



APPENDIX 2: Summerfruit industry situation analysis

At the time of refreshing the SIP in 2021, the global coronavirus (COVID-19) pandemic continues to affect horticulture industries to varying degrees. Although the outcome and ultimate impact of the pandemic are unknown, areas of investment across horticulture that may be influenced over the period of this SIP include export and trade relationships, domestic and international demand, logistics and supply chain, and labour supply – all having potential impacts on grower profitability.

Environmental, economic and social sustainability are vitally important to Australian horticultural growers and industries. Customers, consumers, and investors also seek information about the sustainability and ethics of how their food is produced. Sustainability is particularly crucial as topics such as climate variability, health and ethics continue to shape the social, environmental, and political landscape for agricultural industries. The impact of these issues may have influence on a whole range of investment areas for horticulture from production practices and land management, demand and reputation of products, quality expectations and cultural/community engagement.

Strengths, weaknesses, opportunities and threats

Table 5 has been used to analyse the summerfruit industry's strengths, weaknesses, opportunities, and threats (SWOT). The SWOT tool assists the industry to build on what works, observe what is lacking, minimise risks, and take the greatest possible advantage of chances for success.

TABLE 5. Summerfruit SWOT analysis

The summerfruit industry	
Strengths	<ul style="list-style-type: none"> • The ability to produce high-quality summerfruit • Some state-of-the-art packing facilities • Proximity and good connectivity to Asian growth markets with a southern hemisphere seasonal advantage • Recently granted workable protocol for nectarines into China. • Recognised pest-free areas (PFAs) – fruit fly PFAs in Tasmania and Riverland, South Australia • Global reputation for safe food with integrity in supply chain
Weaknesses	<ul style="list-style-type: none"> • Higher input costs relative to competing countries, particularly in labour • Freight will be a major challenge over the next five years, for both air and sea • Lack of workable market access protocols for all summerfruit categories into the higher returning export markets • Flat domestic consumption due to the commoditisation of the category and the high level of seasonal competition • Supply subject to a seasonal flush that dilutes market prices
Opportunities	<ul style="list-style-type: none"> • Take advantage of the growing demand from Asian markets • Leverage the recently granted protocol for nectarines into China for developing protocol for other fruit • Leverage Australia's horticultural R&D levy system to invest in developing skills • Value-adding through moving away from 'commodity' classification/marketing and differentiating fruit through varieties, packaging, branding and marketing

The summerfruit industry

Threats

- More frequent and more damaging adverse climatic events due to climate change
- Pest and disease outbreaks compromising market access
- Domestic oversupply with more production volume growth forecast
- Availability of affordable air freight into key export markets during peak season
- Appreciation of the Australian dollar, that impacts on price competitiveness in the more price sensitive markets as it makes Australian fruit more expensive relative to fruit from other countries
- Increasing competition from other southern hemisphere producers, particularly Chile
- Abrupt disruption to the China market and deterioration of market access conditions in key markets
- Food safety incident damaging export markets



APPENDIX 3: People consulted

The following people are acknowledged for their contribution to the summerfruit SIP development process.

NAME	INDUSTRY ROLE	REGION
Adrian Conti	Grower; Summerfruit SIAP	Victoria
Mark O'Connell	Researcher; Summerfruit SIAP	Victoria
Kelvin Free	Grower; Summerfruit SIAP	Victoria
Colleen Dangerfield	Grower and exporter	Victoria
Gaethen Cutri	Grower and exporter; Summerfruit SIAP	Victoria
Andrew Finlay	Grower; Summerfruit SIAP	Queensland
Shay Crouch	Industry representative	Western Australia
Elizabeth Mace	Pest and disease specialist	Victoria
Thomas Panna	Grower	Victoria
Trevor Ranford	CEO, Summerfruit Australia	National
Michael Trautwein	Grower and exporter; Summerfruit SIAP	South Australia
Ian Newnham	Board member, Summerfruit Australia	Tasmania
Jason Size	Board member, Summerfruit Australia	South Australia
Mick Young	Board member, Summerfruit Australia	Victoria
Scott Coupland	Board member, Summerfruit Australia	New South Wales
Robert Cathels	Grower	New South Wales
Dion Santamaria	Grower and exporter	Victoria
Gino Salvo	Grower and exporter	Victoria
Josefine Pettersson	Australian Organic Limited	Queensland

APPENDIX 4: Reference material

Horticulture Innovation Australia Limited, 2012, Summerfruit Strategic Investment Plan 2012-17

Horticulture Innovation Australia Limited, 2019, Growing into the Future: Strategy 2019-2023

Horticulture Innovation Australia Limited, 2020, Australian Horticulture Statistics Handbook 2019/20

Horticulture Innovation Australia Limited, 2021, Australian-grown Horticulture Sustainability Framework

Summerfruit Australia, 2021, <https://summerfruit.com.au/>



APPENDIX 5: List of acronyms

AIP	Annual Investment Plan
APVMA	Australian Pesticides and Veterinary Medicines Authority
BMP	best management practice
CSIRO	Commonwealth Scientific and Industrial Research Organisation
FY	financial year
IPM	integrated pest management
IRB	Industry Representative Body
KASA	knowledge, attitudes, skills and aspirations
KPI	key performance indicator
M&E	monitoring and evaluation
MRL	Maximum Residue Limit
NHRN	National Horticulture Research Network
PFA	Recognised pest-free area
R&D	research and development
RDC	Research and Development Corporation
RD&E	research, development and extension
RRA	Regulatory Risk Assessment
SARP	Strategic Agrichemical Review Process
SIAP	Strategic Investment Advisory Panel
SIP	Strategic Investment Plan
SWOT	strengths, weaknesses, opportunities, and threats



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