

What happened in the Custard Apple Fund last year?

Annual Report 2020/21



About Hort Innovation and the Custard Apple Fund

Hort Innovation is the grower-owned, not-for-profit research and development corporation for Australia's horticulture sector. We work closely with industry to invest the custard apple R&D and marketing levies, together with Australian Government contributions, into key initiatives for growers, through the Custard Apple Fund. We're extremely proud of the work we do to help drive productivity, profitability and demand for custard apple growers, and for the horticulture sector at large.

Throughout another challenging year for the horticulture sector, activity in the Custard Apple Fund remained strong. Read on for an overview of what was delivered.

We also encourage you to download a copy of the overarching Hort Innovation Annual Report 2020/21 at www.horticulture.com.au/annual-report-portal to better understand how Hort Innovation worked for the benefit of the horticulture sector during the year.

In this report...

Custard Apple Fund snapshot 2020/21 1

Just some of the things delivered for you during the year 2

Here's what your fund invested in over the year 3

Making investments in 2020/21 4

Financial operating statement 5

What will be the fund's focus over the next five years? 6

R&D case study 7

Marketing case study 9

Minor use permits 11

Appendix: How strategic levy investments are made 13



\$20,484

invested in R&D



\$21,000

invested in marketing



4

active R&D investments



\$98,438

in levies collected

by the Government and passed on to Hort Innovation for investment



\$5.9M

The production value of Australian custard apples grew from \$4.7 million in 2013/14 to \$5.9 million in 2019/20



50/50

Custard apple production is split almost evenly between Queensland and New South Wales

These facts and more can be found in the Australian Horticulture Statistics Handbook, which is delivered by Hort Innovation each year. The handbook is packed with horticulture statistical information and analysis for some 75 categories, for use by individual industries and the wider sector. The 2019/20 edition was released in early 2021 and features an interactive dashboard format for desktop users. See www.horticulture.com.au/horticulture-statistics-handbook.

Just some of the things delivered for you during the year



Ongoing work to provide access to new, high-yielding varieties, plus high-performing rootstocks – see hortinn.com/cu16002



Preparation support for pest incursions such as fall armyworm and serpentine leafminer, including emergency minor use permits and longer-term investments to bolster the horticulture sector's response



A domestic marketing campaign and **The Good Mood Food** cross-horticulture campaign to support industries through the effects of another challenging year – see www.horticulture.com.au/the-good-mood-food*



Investments in the Hort Frontiers strategic partnership initiative to address longer-term and often complex issues and opportunities critical to the future of Australian horticulture – see www.horticulture.com.au/hort-frontiers*

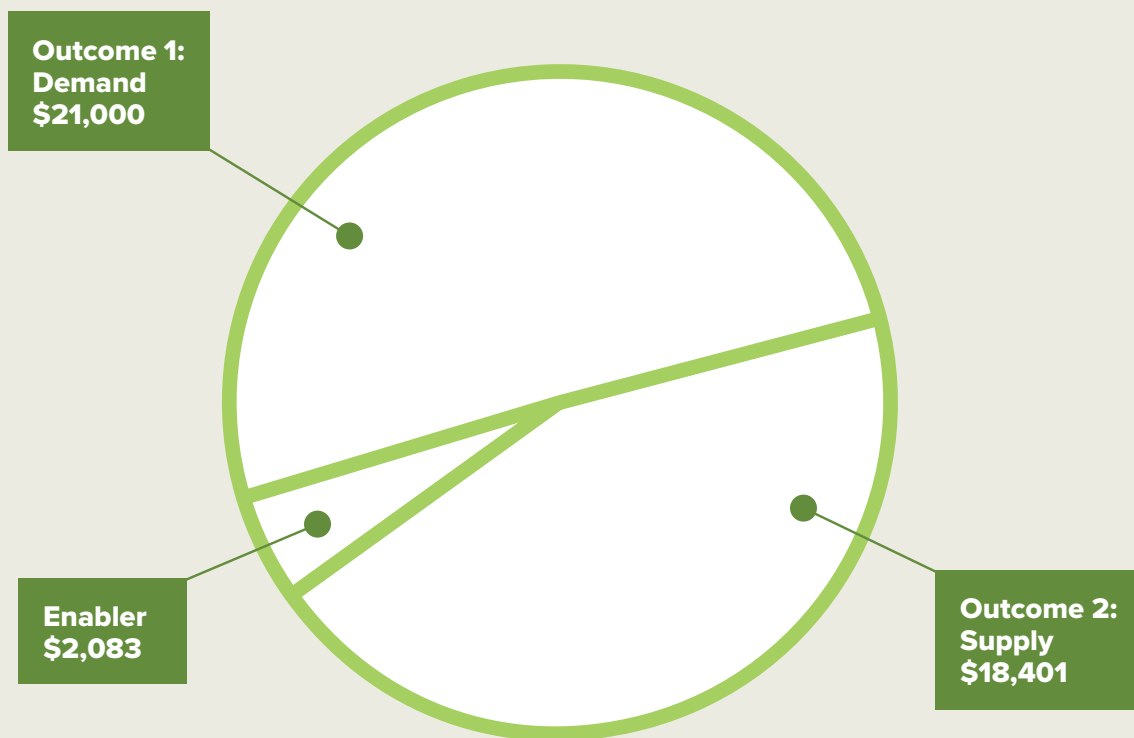


Projects supported by grants secured by Hort Innovation, ranging from cross-sector Rural R&D for Profit initiatives to horticulture-specific work to aid in access to crop protection products – see the Hort Innovation Annual Report 2020/21 for more*

You can visit www.horticulture.com.au/custard-apple at any time to access information on new, ongoing and completed projects, and to download resources produced by levy investments such as fact sheets and guides.

*These initiatives were delivered outside of the Hort Innovation Custard Apple Fund and, in most instances, did not involve the industry levy

Here's what your fund invested in over the year



Investments that are specific to the Hort Innovation Custard Apple Fund are guided by the custard apple Strategic Investment Plan (SIP). The SIP features priority outcome areas that have been identified and agreed upon by the industry, and Hort Innovation works to invest in R&D and marketing initiatives that are aligned to these.

In the above chart, you can see how project expenditure in the Custard Apple Fund during 2020/21 was aligned to the SIP. Each project has been allocated to a SIP outcome based on its primary objective.

Expenditure on projects classified as ‘enabler’ support the broader delivery of the industry’s strategic investment plan, such as impact assessments.

Which projects were in each of the SIP outcome areas?

Outcome 1: Demand

Measurable growth achieved in domestic consumption and improved consumer satisfaction through marketing initiatives

Marketing activities during 2020/21 contributed to demand-related outcomes in the SIP. You can read more about the custard apple marketing campaign on p9.

Outcome 2: Supply

Measurable growth in production volumes and improved production efficiency and product consistency

Project title and code	2020/21 investment	Status	More information
Custard apple industry minor use program (CU16000)	\$614	Ongoing	hortinn.com/cu16000
New custard apple varieties and enhanced industry productivity (CU16002)	\$17,787	Ongoing	hortinn.com/cu16002



Financial operating statement

Custard Apple Fund Financial operating statement 2020/21

	R&D (\$)	Marketing (\$)	Total (\$)
	2020/21 July – June	2020/21 July – June	2020/21 July – June
OPENING BALANCE	(55,951)	2,305	(53,646)
Levies from growers (net of collection costs)	66,495	31,943	98,438
Australian Government money	15,602	–	15,602
Other income*	31	50	81
TOTAL INCOME	82,128	31,993	114,121
Project funding	20,484	21,000	41,484
Consultation with and advice from growers	–	–	–
Service delivery	5,185	5,266	10,451
TOTAL EXPENDITURE	25,669	26,266	51,935
Levy contribution to across-industry activity	–	–	–
CLOSING BALANCE	508	8,032	8,540
Levy collection costs	2,783	1,360	4,143

* Interest, royalties

Levy collection costs – These are the costs associated with the collection of levies from industry charged by Levy Revenue Services (LRS)

Service delivery – Also known as Corporate Cost Recovery (CCR), this is the total cost of managing the investment portfolio charged by Hort Innovation

Making sure that levy investment decisions align with industry priorities

What will be the Custard Apple Fund's focus over the next five years?



The custard apple Strategic Investment Plan (SIP) was created in 2021 to reflect current priorities for the custard apple industry. This involved extensive consultation with custard apple growers and industry stakeholders, including Custard Apples Australia. The SIP is the roadmap that helps guide Hort Innovation's oversight and management of individual levy industry investment programs.

The custard apple SIP lays the foundation for decision making in levy investments and represents the balanced interest of the particular industry from which the levy is collected. The most important function of the SIP is to make sure that levy investment decisions align with industry priorities.

The custard apple SIP identifies four outcome areas that will contribute to the productivity and profitability of the custard apple sector. They are:

- Industry supply, productivity and sustainability
- Demand creation
- Extension and capability
- Business insights.

What projects will the fund be investing in next year?

The custard apple Annual Investment Plan (AIP) 2021/22 will detail how levy funds will be spent over the 12-month period. Investment decisions will be guided by the industry SIP and prioritised based on potential industry impact, as well as availability of levy funds.

The AIP is developed by Hort Innovation, and is informed by the SIP and industry consultation, including collaboration with Custard Apples Australia. The AIP is then discussed with the industry SIAP for feedback and prioritisation. All investments will need to link to the industry's SIP by addressing a minimum of one KPI against a strategy under one of the four outcomes.

Annual Investment Plans will be published each year over the lifespan of the SIP and industry stakeholders will be advised via established communication channels.

Hort Innovation will continue to report on fund performance regularly, with more focus on reporting on outcomes and the impact of investments.



When available, you can visit www.horticulture.com.au/custard-apple-fund-management to view both documents and get a full picture of how your levy will be invested over the next five years.

We're finally seeing red... and that's a good thing when it comes to new custard apple varieties

This investment is funding the development and evaluation of new, high-yield green and red skin custard apple varieties, seeding rootstock selections, and giving Aussie growers the skills they need to grow the industry.

The challenge

The demand for new custard apple varieties is loud and clear. From redder skins to creamier fruit, growers want new options to diversify and grow the industry. To do that they need reliable, high-quality rootstock and world-class skills and this program delivers both.

Meet Daniel

Queensland custard apple grower Daniel Jackson knows firsthand the importance of investments like this in finding new varieties of custard apples. He's also a realist who knows that game-changing research and development takes time and money. "The elite varietal program has been running for quite some time. In saying that though these processes cannot be rushed as we need to be certain that the varieties released, especially the red variety, will meet the demands of both the commercial grower and consumer."

"There is some really valuable research being conducted in this trial, and now, more so than ever, what consumers want, and demand is changing. As a grower, I need to be able to respond to this. This program has given us confidence that the industry is evolving. The new varieties, in particular the red varieties, have raised a lot of awareness, which, as a whole, is good for industry, including green the skin varieties."

In addition to valuable research and development, this program also keeps growers up to date with the latest news, technology, techniques and training through field walks, presentations, and other communications. This is incredibly helpful to the industry and grower wellbeing more broadly, says Daniel. "The roadshows have been extremely valuable. They allow growers, researchers, and industry bodies to all gather and discuss what concerns are out there in the industry: what direction we are heading and what needs to change. They're also fulfilling a basic need for farmer wellbeing. At times farming is very lonely and challenging. These opportunities give growers a chance to meet other growers and talk. They're invaluable."



Daniel Jackson, custard apple grower, Queensland

Continued



The approach

Building on 20 years of Australian breeding research, the current program continues the work of previous projects to develop innovative new varieties for Australian growers. The research team is evaluating new green and red skin custard apple varieties with good production yield and improved consumer acceptance. The research team also continues to develop new resources for growers to tackle the many crop management and production issues they face.

The impact

In the 2019/20 season, over 500 three-year-old hybrid seedlings were evaluated for their vigour and yield and had their fruit quality assessed, with some promising lines identified from the trials. The performance data of advanced stage-selections were also collected from research and grower trials in both New South Wales and Queensland.

It is expected that the program will soon release new green and red varieties for grower adoption.

For more information, visit hortinn.com/cu16002

Project details

New custard apple varieties and enhanced industry productivity (CU16002)

Key research provider: The Queensland Department of Agriculture and Fisheries

Start date: January 2018

Expected end date: November 2021

Estimated value for life of project: \$278,983

Helping Aussies discover and devour our delicious custard apples

The aim of the 2020/21 marketing strategy was to improve Australians' awareness of custard apples and increase the number of households buying the fruit on a regular basis.

The opportunity

Despite the many delicious benefits of custard apples, many Australians simply aren't aware of the fruit's versatility and great taste. By increasing the nation's awareness of custard apples, there's a big opportunity to increase its appetite for the product.

The approach

With social media and digital advertising the most cost-effective ways to reach a large audience, they formed the primary channels of the campaign. The marketing team created engaging content around custard apples, which was then leveraged on social media (primarily Facebook), to increase product awareness.

Social media was also used to convert retail traffic into in-store custard apple purchases.

The lynchpin of the content strategy was great recipes and food ideas to get Aussies excited about custard apples. Renowned food stylist and recipe developer Marie Duong created a suite of new dessert recipes as part of the campaign, tapping into the latest dessert trends.

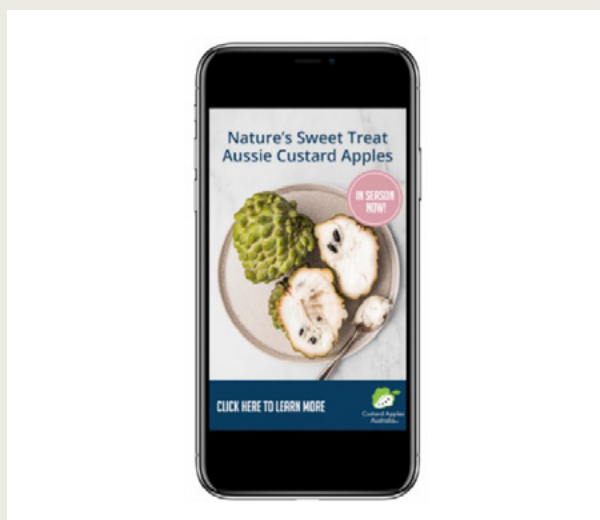
When shared on the Custard Apples Australia Facebook page, Marie's posts consistently performed well, reaching almost 230,000 people, accounting for 32 per cent of the page's total engagement for the financial year.

All posts across Facebook and Instagram throughout the campaign were boosted by paid advertising, optimised for reach and engagement.

In addition, digital mobile media technology was used to target active shoppers in-store, with advertisements designed to encourage custard apple purchases.

The delivery platform was Shopfully – a mobile catalogue app with more than 1.9 million monthly users. With traditional sampling not an option due to COVID-19, digital mobile media proved an effective way to reach shoppers.

Shopfully users received information about Australian Custard Apples through Proximity Notifications: when a shopper is near a store; Banners: when on the Shopfully app; and Popups: that appear when viewing catalogues in app.

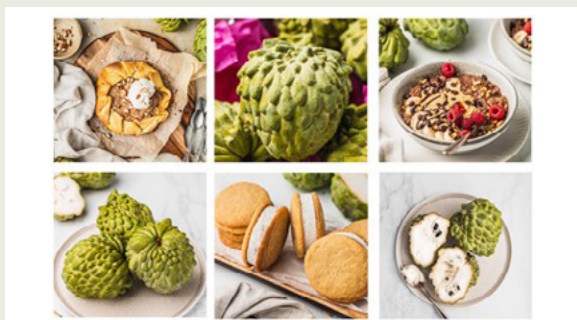


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The outcome

Through compelling content, a strong social media focus, and the use of new, targeted ad delivery technology, numerous Australian consumers have now tried custard apple for the first time and many regular grocery buyers now have the fruit front of mind when shopping. Despite a modest budget, the campaign achieved some impressive reach and engagement numbers, including:



Social media highlights:

- 847,053 impressions (opportunities to see our message) achieved on Facebook during the campaign (100 per cent of KPI achieved)
- 81,044 digital mobile media impressions, exceeding the target of 75,000
- Woolworths achieved the highest walk-through rate (16 per cent) during the campaign and the highest number of store entrances 3,932. The walk-through rate is a measurement of how many people entered a retailer once receiving a branded communication from Australian custard apples, demonstrating we are driving people to store
- Click through rates across all ads were in line with, or greater than, industry benchmarks

Read more about the campaign at hortinn.com/custard-apple-marketing-snapshot

Project details

These marketing activities are strategic levy investments in the Hort Innovation Custard Apple Fund

Minor use permits

The Hort Innovation Custard Apple Fund supports the submission of applications for new and renewed minor use permits for the industry, as well as data generation activities to support chemical permits and registrations, and strategic agrichemical reviews.

Together these efforts provide industry access to safe, relevant and effective chemicals for the management of pests, weeds and diseases.

For full details on these activities and links to relevant information, visit hortinn.com/custard-apple-minor-use.

Permits in 2020/21

During the 2020/21 financial year, a successful new permit application for PER89943 and a successful renewal for PER12450 were prepared by Hort Innovation and submitted to the APVMA, facilitated through the *Custard apple industry minor use program* (CU16000).

A further permit renewal, for PER91172, was applied for during the year and granted just outside the 2020/21 period.

Meanwhile, fall armyworm – an incredibly destructive exotic pest – was detected on Australian shores for the first time in 2020. To support readiness and protect the horticulture sector, emergency permit PER89870 was issued by Hort Innovation in 2020/21 to acquire crop protection chemicals for the custard apple industry.

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

Current permits

Below is a list of minor use permits for the custard apple industry, current as of 24 August 2021.

Permit ID	Description	Date issued	Expiry date	Permit holder
PER11943	Copper and Mancozeb / Custard apple / Anthracnose	28-May-12	30-Jun-22	Growcom
PER83212 Version 2	Prochloraz (Octave) and Mancozeb / Custard apple (and other Annona species) / Anthracnose	01-Sep-16	31-Mar-23	Custard Apples Australia (CAA) C/Hort Innovation
PER12450 Version 7	Trichlorfon / Specified fruit crops / Fruit fly	06-Oct-11	30-Nov-25	Hort Innovation
PER80374 Version 2	Beta-cyfluthrin (Bulldock) / Custard apple, lychee, mango, persimmon / Various insect pests	01-Oct-15	31-Aug-22	Australian Lychee Growers Association (ALGA)
PER87164 Version 2	Dimethoate / Specified citrus and tropical and sub-tropical inedible peel fruit commodities – post-harvest dip or flood spray / Various fruit fly species	01-Mar-19	31-Mar-24	Hort Innovation
PER13807 Version 2	Phosphorous acid / Custard apple / Phytophthora	07-Nov-12	30-Sep-22	CAA C/Hort Innovation
PER13951 Version 2	Uniconazole-P (Sunny plant growth regulator) / Custard apple / Plant growth regulation	28-Jun-13	30-Jun-23	CAA

Continued

Minor use permits

Current permits (continued)

Permit ID	Description	Date issued	Expiry date	Permit holder
PER13952 Version 4	Pyraclostrobin (Cabrio) / Custard apple / Pseudocercospora leaf spot	31-May-13	31-Aug-26	Hort Innovation
PER14227 Version 3	Etoxazole (Paramite Selective Miticide) / Custard apple / Two spotted mite and Banana spider mite	31-Oct-13	30-Jun-23	CAA
PER87605	Fipronil / Custard apple / Ants	12-Apr-19	30-Jun-22	Hort Innovation
PER14743 Version 3	Trichlorfon / Custard apple, lychee, mango and persimmon / Flatid planthopper, Flower eating caterpillar, Looper and Yellow peach moth. Suppression only: Fruit-spotting bug, Banana spotting bug, Green vegetable bug and Lychee stink bug	01-Jun-14	30-Jun-25	Hort Innovation
PER13859	Dimethoate / Orchard cleanup – fruit fly host crops following harvest / Fruit fly	09-Feb-15	31-Jul-24	Growcom
PER84992	Clothianidin (Samurai) / Custard apple / Citrus mealybug	19-Feb-18	28-Feb-23	CAA C/Hort Innovation
PER86598	Sulfoxaflo (Transform insecticide) / Custard apple trees / Citrus mealybug, Fruit spotting bug and Banana spotting bug	01-Nov-18	30-Nov-23	Hort Innovation
PER89241	Spinetoram / Tropical inedible peel / Fall armyworm	06-Mar-20	31-Mar-23	Hort Innovation
PER89870	Spinosad (Entrust Organic) / Various including tropical and sub-tropical fruit crops (inedible peel) / Fall armyworm	21-Jul-20	31-Jul-23	Hort Innovation
PER89943	Trivora Insecticide (ac etamiprid and pyriproxyfen) / Custard apples, lychee, papaya, passionfruit, persimmons and olives / Various pests including; Fruit spotting bugs, olive lace bug, fruit fly suppression, mealybugs, scale insects, plant hoppers, leafhoppers and light brown apple moth	29-Jan-21	31-Jan-24	Hort Innovation

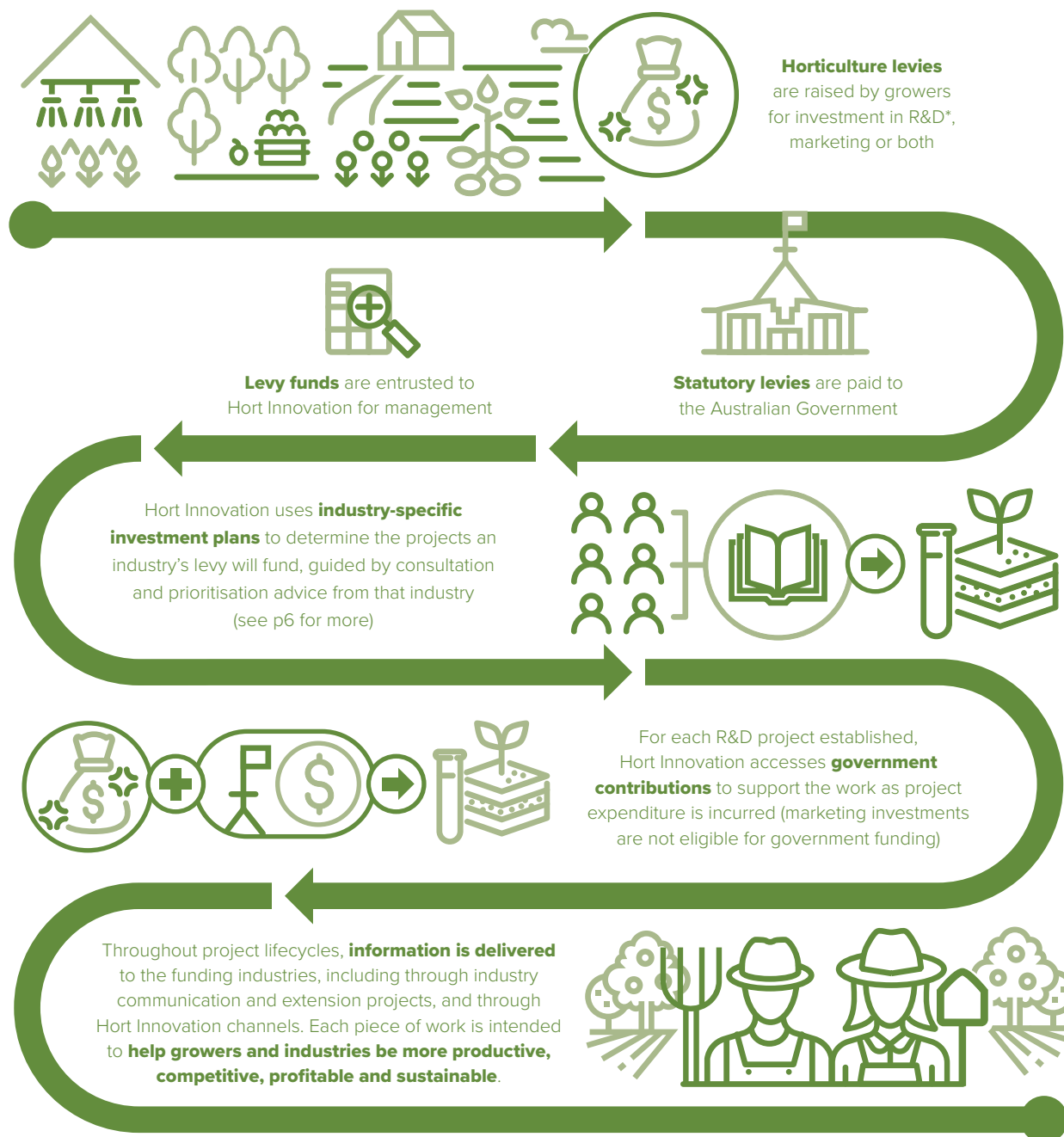
All efforts have been made to provide the most current, complete and accurate information on these permits, however you should always confirm all details on the APVMA website at portal.apvma.gov.au/permits. Details of the conditions of use associated with these permits can also be found on the APVMA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

Keep up to date!

Find monthly minor use permit updates in our *Growing Innovation* e-newsletter. Sign up for free at www.horticulture.com.au/sign-up.

How strategic levy investments are made in the Custard Apple Fund

The below diagram shows how Hort Innovation makes strategic levy investments on behalf of horticulture industries. The custard apple R&D and marketing levies were invested this way during the year, guided by the custard apple Strategic Investment Plan 2017-2021 and advice from the industry's investment advisory panel.



* Encapsulating extension and international trade

To learn more about funding specific to the Hort Innovation Custard Apple Fund, visit www.horticulture.com.au/custard-apple. During the year, other sources of funding were also used to support activities for the benefit of Australian horticulture, including grant funding secured by Hort Innovation, co-investment dollars brokered through our Hort Frontiers initiative and centralised strategic levy reserve.

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