

# **DISCUSSION PAPER**



**Cherry Growers Australia Inc**

ABN 77797945686

**Review of current levies set by the**

**Australian Cherry Industry**

**August 2017**



## To the Australian Cherry Industry

I am writing to you as President of the Cherry Growers Australia Board.

The Cherry Growers of Australia Board has agreed to undertake a review of the existing statutory cherry levy rates that provides support to the Australian industry going forward.

The CGA Board over the past 3 years has been working with the State Association members and listening to growers to continue the development of this discussion paper. These specific levy rate changes will be finalised through a ballot and then proposed to the Australian Government Minister for Agriculture and Water Resources for implementation.

A change to the cherry industry levy was initially delayed in the process due to:

- the change over of Horticulture Australia Limited to Horticulture Innovation Australia and the ongoing use of levy funds which has taken longer than first expected;
- the outcomes of the Senate Review on Levies that delivered its report at the end of June 2015.

A levy vote was undertaken in 2016. This vote saw two options to be considered by industry, which was the summary of two years of consultation of industry.

The result of this vote was support for a levy structure where 4c of levy funds was to be directed to R&D, 1c was directed to marketing and 2c was to be directed to Cherry Growers Australia Inc by the Department of Agriculture and Water Resources' levy unit. This vote was ultimately rejected by the Minister for Horticulture, Anne Ruston.

Further consultation with industry has occurred in 2017, which has generated a new levy proposal and this discussion paper provides levy payers with an opportunity to consider CGA's new levy proposal, prior to CGA going to a formal ballot and for you to think about the future of the industry over the next 3-5 years and beyond.

The CGA office will be holding a series of discussions in August and September, leading to a Formal Ballot in late September 2017.

Results from the ballot will go into a final report to be sent to the Minister in October 2017.

Should majority support be achieved during the cherry levy ballot, the new levy rates are likely to be implemented during the 2016/17 financial year.

Yours sincerely



Tom Eastlake  
President CGA Board  
04 August 2017

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## **Publication Data**

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## History of Levies

**CGA became a member of the original Horticulture Research and Development Corporation back in 1987 and established a Research and Development Levy of 1 cent per kilogram to be used by the industry for a range of projects that would assist the industry to grow and develop.**

The Australian Government Department of Agriculture and Water Resources (DAWR)—Levies administers the levy collection process and forwarding on of funds collected to Horticulture Australia Ltd (HAL), now Horticulture Innovation Australia Ltd(HIAL).

\*This was done on fee for service however over the last four years a new cost recovery system was put in place with costs to the industry stated below, from the DAWR—Levies reports published by them 30 June 2014 and 12 February 2016.

Table 1: Levy collection costs for the past 4 financial years and estimate of 2015/16.

*2011/12	\$22,000
*2012/13	\$103,000
*2013/14	\$58,000
*2014/15	\$51,000
2015/16	\$47,000
2016/17	\$74,000

Once the levies have been collected HIAL secure their Corporate Cost Recovery that has ranged from 10.6% down to 4.3% that provides the Australian Cherry industry along with all other industries access to centralised services for our industry such as:

- Industry Services Manager for average of 1 day a week.
- Marketing Manager for average of ½ day a week.
- Centralised service and administration of projects and contracts.
- Whole of horticulture projects.
- Multi industry and across industry projects.
- General policies, service provision and decisions made by the HAL/HIAL Board.
- Web management for projects.
- Annual IAC /Cherry industry report.
- Coordination other services the industry uses, such as:
  - Australia Fresh
  - Office of Horticultural Market Access
  - Whole of horticulture seminars on export and marketing

These services are under review through the transition from HAL to HIAL and industry has been and will be consulted on these processes moving forward.

## Review of Levies

The review of levies is the role of the peak industry body, Cherry Growers Australia Inc, to discuss with levy payers, hold a vote on and make recommendations to the Minister for Agriculture and Water Resources (the Minister) on any changes.

In 2006, the Australian Cherry Industry agreed to implement the following:

- A new Research and Development Levy of 4 cents per kilogram; and
- A new Marketing and Promotions Levy of 3 cent per kilogram.

This was agreed too and came into force with collection occurring in the 2007/08 financial year.

In August 2010, there was another review and vote for the period of 2010/11 to 2012/13:

- Reducing the Research and Development Levy from 4 cents per kilogram to 3.97 cents per kilogram;
- Maintain the Marketing and Promotions Levy of 3 cents per kilogram;
- Introduce a new Plant Health Australia levy set at 0.03 cents per kilogram; and
- Introducing a new Emergency Plant Pest Response Levy set at 0.00 cent per kilogram.

These changes only came into force through the approval of the Australian Government, commencing on the 1<sup>st</sup> of November 2012.

After the vote in 2010, no follow up process was put in place by the previous CEO to get the change through the system. This was corrected and acted upon by the new CEO in 2011, but it still needed time to work through the system, so it was 18 months late in final implementation.

In August 2013, the next review of the levy was set to occur, but due to a number of factors, The CGA Board agreed to postpone the review until 2014/15 financial year. The CGA's Board considered the following points in their decision to postpone the review:

- Review of HAL in early 2014, where levy management options were discussed;
- Trying to get some consensus in the industry on the future of the levy before further consultation took place;
- Amendments to the onion, mango and mushroom levies being put forward for disallowance in Parliament. This was later withdrawn and the changes went forward.
- As a consequence of this, a Senate Inquiry was set up entitled:  
***Inquiry into the industry structures and systems governing the imposition of and disbursement of marketing and research and development (R&D) levies in the agricultural sector.***

Reported to the Minister on the 30<sup>th</sup> of June 2015. Depending on the recommendations adopted and acted upon, see Appendix A, it could affect all levy collection industries going in to the future. CGA made a submission to this on the 14<sup>th</sup> of October 2014.

**PLEASE NOTE:** Most legislative instruments relating to Agriculture levies have a Sunset Clause. For example, the Primary Industries (Excise) Levies Regulations 1999 are due to sunset (that is, automatically cease ) on 1 April 2019. The Australian Government (in this case, DAWR) must review the legislative instruments prior to the sunset date, and remake the instrument if it should continue. This is a normal procedure designed to weed out legislation that is outdated and should cease. It is very unlikely that the review of levies legislation by DAWR prior to sunset will affect the rate of the cherry levy. Therefore, CGA is pressing ahead with the levy review that is the subject of this document.

## **Current Review**

The CGA Board wrote to the Minister on the 30<sup>th</sup> of October 2014, indicating that the review would take place and the industry would report back to him.

The Minister wrote back on 5 December 2014 accepting that the review would take place.

There has been slippage in this process due to the Senate Committee Review of Agricultural Levies and some of the uncertainty of the HIA processes and use of the levies raised by the Australian cherry industry.

With the changeover from Horticulture Australia Limited (HAL) to Horticulture Innovation Australia Limited (HIAL), there has been some discontent through the industry relating to the management of levies. This has come about as some levy payers fear the cherry industry is going to lose control of the spending of its own levy funds and that a large percentage of funds are already lost to levy collection costs of about \$50,000 per annum, as well as HAL/HIAL corporate cost recovery fees of 10-11% per annum. These costs are likely to remain the same, irrespective of R&D levy funds collected into the future.

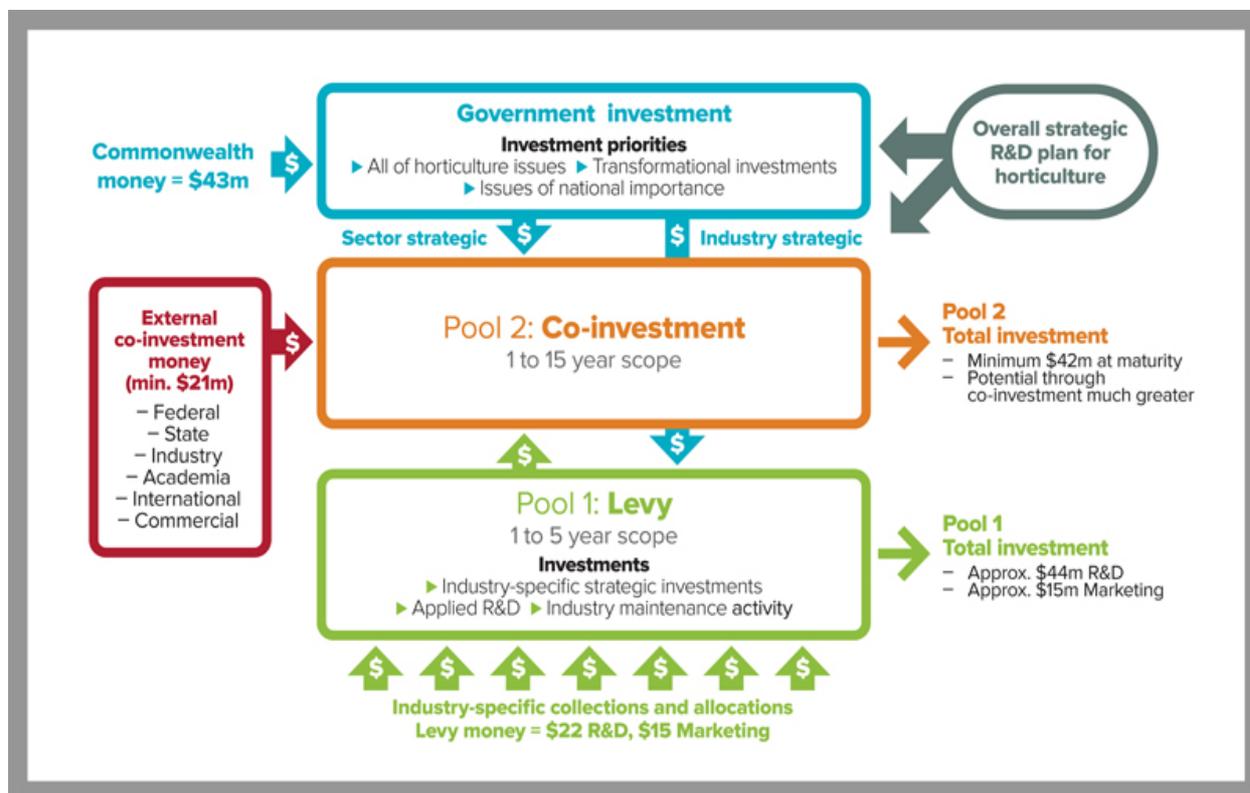
On the 27<sup>th</sup> of October 2014 the CGA Board requested a written assurance that all monies raised through the cherry levy in 2014/15 and future years will be allocated to cherry industry projects and any strategic projects, after consultation and approval from CGA and HIA assessment processes. HIA responded on the 24<sup>th</sup> of November 2014, indicating that the new operational model would incorporate this assurance (see diagram on page 6).

CGA sees this as vital, as the industry has requested CGA roll out our Biosecurity Management Programme and Systems Approach project across Australia and needs to ensure specific Research and Development projects are undertaken to meet our market access and market improvement needs.

Some levy payers have expressed concerns that industry funds will be allocated to new, non-specific cherry industry related HIAL projects. These fears may have been allayed by the communications to all industry in 2015. See page 7 in relation to funding of future projects, the following diagram was received from the CEO of HIA John Lloyd on the 26<sup>th</sup> of February 2015:

### HIA Transition Investment Arrangements

As you may recall, a set of transition investment policies and principles to operate, pending full implementation of the HIA model (31 December 2015), has been provided to stakeholders over recent months. A summary of those policies can be found on the [HIA website](#).



### Interim Advisory Arrangements for Levy Investments

As previously indicated, current industry strategic and annual investment plans have been adopted by HIA and will remain in operation during the transition process. This recognises the significant work and industry consultation that has gone into preparing these documents and the industry investment priorities they detail.

HIA will continue to implement the programs embedded within these documents in accordance with the Board investment policy decisions outlined above.

In addition to the strategic and annual investment plans, the Board has recently approved arrangements for advice on industry investments that will operate during the transition period.

The inclusion of growers and relevant IRBs will be fundamental features of these interim arrangements, as will the flexibility to tailor them to any particular industry as and when they are needed.

This was set up by HIAL after some discussions with the CGA Board and had its first meeting on 18 June 2015 as a first step to ongoing consultation with the industry on the levy spend in 2015/16 and out to 2020 and further meetings are planned for 2015 and 2016.

The Cherry Strategic Investment Advisory Panel is in the process of being appointed and should be in place by May 2016 for assessment and advice on projects going in to the 2016/17 financial year and beyond.

## **Mid Term Review - June 2014**

CGA conducted a mid-term review of the Australian Cherry Strategic Plan 2012-2017 was carried out in early 2014 with over 30 of the key players and growers in the industry and part of the discussions centered around the review and usage of cherry levies.

The Australian Cherry Strategic Investment Plan 2012-2017 and its components:

- Australian Cherry Research and Development Plan 2012-17;
- Australian Cherry Strategic Marketing Plan 2012-17;
- Australian Cherry Export Roadmap 2012-17; and
- Australian Cherry Communications and Extension Strategy 2012-17.

These components were agreed to and signed off by HAL and the industry on funding priorities as well as the spending of levies collected. These can all be viewed on the CGA website: [www.cherrygrowers.org.au](http://www.cherrygrowers.org.au)

### **The Strategic Intent of the Australian Cherry Strategic Investment Plan 2012-2017:**

The best quality Australian cherries to meet consumer needs!

#### **Key Aspirations of the Plan are:**

- The Australian cherry industry aspires to grow the industry to capture domestic and export market opportunities. This will be achieved through the development of efficient and effective supply chains, which maintain industry profitability and consumer confidence.
- It aims to ensure that, throughout the Australian season, consumers can purchase a quality cherry product that meets or exceeds their expectations.

#### **Key Objectives of the Plan are:**

- To build a competitive supply of Australian cherries to ensure that consumers can confidently purchase consistently high quality, fresh cherries, at retail level.
- To facilitate a profitable production sector by increasing demand for Australian cherries in line with increasing supply.
- To ensure the Australian cherry industry has appropriate and sufficient capacity to manage change and industry expansion.

#### **The agreed objectives of the mid term review were to consult with industry leaders to:**

- Determine the appropriateness of the current levy arrangements
- To identify changed conditions impacting the Australian Cherry Industry (since the commencement of the Plan)
- Identify key issues impacting the industry
- Identify gaps / inadequacies in the content and implementation of the current SIP
- Identify achievements to date against the objectives of the current SIP (review KPIs and investment analysis within the SIP).
- Provide recommendations on how the current SIP might be better aligned with the needs of industry

- Provide recommendations on other possible actions that might be undertaken to achieve improved outcomes for the industry.

**The Key findings of the mid term review were:**

The significant majority of interviewees did not support an increase in the overall levy rate of above 7 cents per kilogram.

- The majority of respondents thought the R&D component of the levy should be either retained at the current 4 cents per kilogram or that it should be increased (thus reducing the marketing component).
- There was a mixed response as to the value of the marketing levy, although the majority of interviewees thought the marketing levy should be retained, even if this was at a lower rate.
- The majority of those consulted emphasised the importance of gaining / maintaining market access to key export markets, in particular China and Thailand – and as such a desire to see greater investment in R&D projects that could assist in achieving these outcomes.

***PLEASE NOTE: SINCE THE MID TERM REVIEW THERE HAVE BEEN SOME MAJOR CHANGES FROM HAL TO HIAL , PLEASE REFER BACK TO PAGES 4 AND 5 THAT HAVE CHANGED MANY GROWERS VIEW ON THE USE OF LEVIES AND CREATED MUCH DISCUSSION ACROSS THE AUSTRALIAN CHERRY INDUSTRY.***

Another key change that has occurred to the industry over the last 2 years, has been the development of the **Australian Cherry Export Plan** and the **Australian Biosecurity Management Programme and Framework** that has been developed to assist in export of cherries globally with the key statement being:

***“Australian cherries are free of pest and disease of quarantine concern”.***

This was launched in September 2014 and continues to be fully supported by the Australian cherry industry. This comes as we move forward and seek market improvement for all growing regions in to protocol and non protocol markets and also domestic trade across State borders. The other key change is that industry is also going through some expansion, with new plantings coming online and with a number of new orchards planned to be developed over the next few years in all States.

This is in response to the growing demands for high quality cherry fruit coming from the across the full Asian region; be that the Middle East, the southern Asian area, the East Asian area and also other global markets as Australian growers can deliver their fruit to markets within 48-72 hours of being picked in the orchard.

### **Initial Options for Discussion in Relation to the Levy Changes in 2015**

With all of this process, including formal and informal discussions with growers, levy payers and State associations, over the past 18 months and to the changes occurring HAL to HIAL, a number of options have been discussed. However the CGA Board at meetings taking place in

March, June and August 2015, approved the following options to be discussed across industry.

Table 2: Initial Options for Discussion in Relation to the Levy Changes in 2015.

<p><b>Option 1 - Keep the levies at the current rates of 7 Cents/ Kilogram:</b></p> <ul style="list-style-type: none"> <li>• 3.97 (Cents /Kilogram) for Research &amp; Development that is matched \$ for \$ by the Australian Government up to a limit of 0.5 per cent of the gross value of production (GVP) for horticulture industries. The final decision on what is claimed for matching lies with HIAL;</li> <li>• 0.03 (Cents /Kilogram) for Plant Health Australia Levy , that is not matched by the Australian government;</li> <li>• 3.00 (Cents /Kilogram) for Marketing &amp; Promotional activities, that is not matched by the Australian government.</li> </ul>																							
<p><b>Option 2 - Keep the levies but at the rates below :</b></p> <ul style="list-style-type: none"> <li>• 3.97 (Cents /Kilogram) for Research &amp; Development that is matched \$ for \$ by the Australian Government up to a limit of 0.5 per cent of the gross value of production (GVP) for horticulture industries. The final decision on what is claimed for matching lies with HIAL;</li> <li>• 0.03 (Cents /Kilogram) for Plant Health Australia Levy , that is not matched by the Australian government;</li> <li>• 1.00 (Cents /Kilogram) for Marketing &amp; Promotional activities, that is not matched by the Australian government; and</li> <li>• 2.00 (Cents /Kilogram) collected as a voluntary levy by CGA, that is not matched by the Australia Government and can be used for activities the industry identifies it wants to spend as it collects it.</li> </ul>																							
<p><b>Option 3 - Keep the levies but at the rates below:</b></p> <ul style="list-style-type: none"> <li>• 5.97 (Cents /Kilogram) for Research &amp; Development that is matched \$ for \$ by the Australian Government up to a limit of 0.5 per cent of the gross value of production (GVP) for horticulture industries. The final decision on what is claimed for matching lies with HIAL;</li> <li>• 0.03 (Cents /Kilogram) for Plant Health Australia Levy , that is not matched by the Australian government; and</li> <li>• 1.00 (Cents /Kilogram) for Marketing &amp; Promotional activities, that is not matched by the Australian government.</li> </ul>																							
<p><b>Option 4 - Keep the levies but at the rates below :</b> Reduce the levies all to zero, but keep them as options for future reviews and reinstatement if agreed to by industry:</p> <ul style="list-style-type: none"> <li>• 0.00 (Cents /Kilogram) for Research &amp; Development that is matched \$ for \$ by the Australian Government;</li> <li>• 0.00 (Cents /Kilogram) for Marketing &amp; Promotional activities, that is not matched by the Australian government; and</li> <li>• 0.00 (Cents /Kilogram) for Plant Health Australia Levy , that is not matched by the Australian government;</li> <li>• 0.00 (Cents /Kilogram) for the Emergency Plant Pest Response levy</li> </ul>																							
<table border="1"> <thead> <tr> <th>Tonnes Produced</th> <th>Membership fee by \$</th> <th></th> </tr> </thead> <tbody> <tr> <td>1000 plus</td> <td>\$30,000</td> <td></td> </tr> <tr> <td>700 to 1000</td> <td>\$20,000</td> <td></td> </tr> <tr> <td>400 to 700</td> <td>\$10,000</td> <td></td> </tr> <tr> <td>100 to 400</td> <td>\$5,000</td> <td></td> </tr> <tr> <td>40 to 100</td> <td>\$2500</td> <td></td> </tr> <tr> <td>1 to 40</td> <td>\$500</td> <td></td> </tr> </tbody> </table>	Tonnes Produced	Membership fee by \$		1000 plus	\$30,000		700 to 1000	\$20,000		400 to 700	\$10,000		100 to 400	\$5,000		40 to 100	\$2500		1 to 40	\$500			
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**Following further discussions with the industry and its members, the CGA Board agreed on the 14<sup>th</sup> of October 2015 that it would write to the new Assistant Agriculture Minister Senator Ruston with the following proposal.**

CGA Board to put to the Australian Cherry Industry to keep the levies at the rates below:

- 3.97 (Cents /Kilogram) for Research & Development that is matched \$ for \$ by the Australian Government;
- 0.03 (Cents /Kilogram) for Plant Health Australia Levy , that is not matched by the Australian government;
- 1.00 (Cents /Kilogram) for Marketing & Promotional activities, that is not matched by the Australian government;
- 0.00 (Cents /Kilogram) for the Emergency Plant Pest Response levy that will be matched or otherwise as agreed to under regulations and agreements from the EPPRD; and
- **2.00 (Cents /Kilogram) collected and provided to CGA, that is not matched by the Australian government and can be used for activities the industry identifies it wants to spend as it collects it.**

CGA would need Ministerial approval, so the levies could be collected by DAWR through LRS and transferred through to CGA directly and / or through from HIA and would be a precedent in horticulture.

However, DAWR—Levies does not have the legislative authority to collect voluntary levies. Also, as indicated by the Minister in a letter back to CGA dated 23 November 2015, the collection of levies for CGA would need to be done at a voluntary level as the current legislation would prohibit the compulsory collection to funds to go back to CGA directly to provide services to the Australian Cherry Industry.

### **2016 Levy Discussions and Options**

**As a consequence of the Minister's decision the CGA Board met on 12 February 2016 in Melbourne and after consultation with an open forum held in Melbourne on 11 and 12 February made up of growers, exporters and CGA members agreed that a final position on levy changes be put to the Australian Cherry Industry:**

- **3.80 (Cents /Kilogram) for Research & Development that is matched by the Australian Government. Matched up to a limit of 0.5 per cent of the gross value of production (GVP) for horticulture industries. The final decision on what is claimed for matching lies with HIAL;**
- **\*\*0.20 (Cents /Kilogram) for Plant Health Australia Levy to be used for Plant Health Australia membership, funding of incursion programs and running other biosecurity related work eg review of National Biosecurity Plan and workshops,**
- **0.00 (Cents /Kilogram) for the Emergency Plant Pest Response levy; and**
- **2.00 (Cents /Kilogram) collected and provided in entirety to CGA by DAWR.**

Levy Workshops were held across Australia in early 2016 to obtain direct feedback from growers on the proposal. Overall, the overwhelming majority of industry supported the option above, as unanimously carried as an option at the earlier consultative meeting in Melbourne in February. The CGA board ratified the wishes of industry and requested a levy ballot to be conducted.

The above proposal, along with the current levy format (3.97c R&D, 3c marketing and 0.03c Plant Health Levy) was the levy proposal put to a vote by industry in May 2016.

This proposal was put to the vote, conducted by the Tasmanian Electoral Commission in May 2016 and the results communicated to the Minister for Horticulture, Anne Ruston.

The majority of industry supported the option of a 3.97c R&D levy, 1c marketing, 0.03 PHA levy and 2c to be paid directly to CGA.

### **2017 Levy Vote**

After the 2016 levy vote results were not implemented by the Minister for Horticulture Anne Ruston due to policy legislation that prevented the Department of Agriculture and Water Resources from implementing levy collection and payment to a Horticultural Peak Industry Body.

This required a new levy proposal to be developed and put to industry for a vote.

Discussion with the board and the state bodies commenced in early 2017 culminating in a face to face roundtable held in Melbourne in June 2017. This event was well attended by levy payers, all State CGA board members and individual representatives from all states. The event was also administered by an independent facilitator.

At the conclusion of this event, a new levy ballot was developed and the ballot was passed for consideration by industry by the CGA Board.

Summary of this proposal and expected levy collection is detailed in Table 3.

### **Option 1**

#### **New levy split of 7 Cents/Kilogram**

- 5.70 (Cents /Kilogram) for Research & Development that is matched \$ for \$ by the Australian Government;
- 0.30 (Cent /Kilogram) for Plant Health Australia Levy , that is not matched by the Australian Government;
- 1.00 (Cent /Kilogram) for Marketing & Promotional activities, that is not matched by the Australian Government;
- 0.00 (Cent /Kilogram) for the Emergency Plant Pest Response Deed levy that will be matched or otherwise as agreed to under regulations and agreements from the EPPRD;

### **Option 2**

**Maintain the current levy split of 7Cents/Kilogram with minor adjustments on Research and Development and Plant Health Levy.**

- Research and Development Levy at 3.80 (Cents /Kilogram) that is matched \$ for \$ by the Australian Government;
- Marketing and Promotions Levy of 3 (Cents /Kilogram) that is not matched by the Australian Government;
- Plant Health Australia levy set at 0.20 (Cents /Kilogram) that is not matched by the Australian Government;
- Emergency Plant Pest Response Levy set at 0.00 that will be matched or otherwise as agreed to under regulations and agreements from the EPPRD; (Cents /Kilogram).

Table 3: Projected funds raised through current and proposed levy amounts.

Cherry levy by tonnes per financial year	Research and Development amounts raised	Matched by Australian Government	Total	Marketing and Promotions amounts raised	Total
<b>OPTION 1</b>	<b>NEW PROPOSAL</b>			<b>NEW PROPOSAL</b>	
10,000	6c/kg - 600,000	600,000	1,200,000	1c/kg – 100,000	\$ 1,300,000
12,500	6c/kg - 750,000	750,000	1,500,000	1c/kg - 125,000	\$ 1,625,000
15,000	6c/kg - 900,000	900,000	1,800,000	1c/kg – 150,000	\$ 1,950,000
20,000	6c/kg - 1,200,000	1,200,000	2,400,000	1c/kg – 200,000	\$ 2,600,000
	This would all be administered by HIAL and their processes with industry input and advice on Pool 1 and Pool 2 strategic projects and the Australian Cherry Industry Strategic Plan	CGA could apply for project funding here as a service provider		This would all be administered by HIAL and their processes and the Australian Cherry Industry Strategic Plan	Industry input and advice on Pool 1 and Pool 2 strategic projects the Australian Cherry Industry Strategic Plan
<b>OPTION 2</b>	<b>CURRENT STATUS</b>			<b>CURRENT STATUS</b>	
10,000	4c/kg - 400,000	400,000	800,000	3c/kg – 300,000	\$1,100,000
12,500	4c/kg - 500,000	500,000	1,000,000	3c/kg - 375,000	\$1,375,000
15,000	4c/kg - 600,000	600,000	1,200,000	3c/kg – 450,000	\$1,650,000
20,000	4c/kg - 800,000	800,000	1,600,000	3c/kg – 600,000	\$2,200,000
	This would all be administered by HIAL and their processes with industry input and advice on Pool 1 and Pool 2 strategic projects and Strategic Plan	CGA could apply for project funding here as a service provider		This would all be administered by HIAL and their processes and Strategic Plan	Industry input and advice on Pool 1 and Pool 2 strategic projects and Strategic Plan

**\*\*PLANT HEALTH LEVY will incorporate: Plant Health Australia membership, funding of incursion programs that the industry might contribute to and linked to other work eg review of National Biosecurity Plan and workshops.**

**PLEASE NOTE:**

All the compulsory levies collected would be minus fee for service DAWR Levy Revenue Service to collect levies and the Corporate Cost Recovery fees provided to HIA.

## **WHAT WOULD YOU LIKE TO SEE HAPPEN IN THE FUTURE WITH YOUR LEVIES? IT'S TIME TO HAVE YOUR SAY!**

### **WHERE TO FROM HERE?**

Continued consultation with the Australian Cherry Industry via its growers and levy payers is required under the 12 Levy Principles introduced by the Australian Government in 1997.

CGA intends to meet these principles by:

- Circulating this discussion paper to the CGA database for comment and feedback;
- Conducting discussions across the growing regions in late August/September.

### **HAL/HIAL Cherry Levy Investment for the period 2007-14 (March 2015)**

To assist this process HAL /HIAL have completed a summary of how the levy funds have been spent in a full range of projects, since 2008 to the end of 2014/15 financial year, please go to the link:

[http://www.cherrygrowers.org.au/assets/Cherry\\_investment\\_2007\\_to\\_current\\_-\\_Project\\_Outputs.pdf](http://www.cherrygrowers.org.au/assets/Cherry_investment_2007_to_current_-_Project_Outputs.pdf)

Other information on the site below:

<http://horticulture.com.au/grower-focus/cherry/>

Feedback and also your comments and views are vital part of the process as we progress. Also please provide any feedback by writing, emailing or calling the CGA National Office.

**Tom Eastlake, President**

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**Email: [president@cherrygrowers.org.au](mailto:president@cherrygrowers.org.au)**

Once all feedback has been received the industry will need to vote formally on the final options through a ballot that will be officially run by Tasmanian Electoral Office in September 2017 once approved by the CGA Board.

Results of this ballot will be collated and final report provided to the Minister in October 2017 for consideration.

### **APPENDIX A**

#### **Recommendations from the Senate of Australia:**

**Rural and Regional Affairs and Transport References Committee released on 30 June 2015**

***Industry structures and systems governing the impositions and disbursement of marketing and research and development (R&D) levies in the agriculture sector.***

#### **Recommendation 1**

**4.19** The committee recommends that the *Primary Industries Levies and Charges Collection Act 1991* be amended, consistent with subsections 27(3) and 27(3A), to enable the collection and distribution of levy payer information which will allow the creation of levy payer databases for all agricultural industries that pay agricultural levies. The committee further recommends that levy payer databases be established within two years of the legislative amendment.

#### **Recommendation 2**

**4.20** The committee recommends that data collected for the purposes of levy databases and held by the Department of Agriculture should be limited to information sufficient to enable organisations responsible for spending or allocating levy funds to communicate with levy payers and enable votes to be allocated on a production basis. Data should include location, contact details, crop or enterprise type and production volume and/or value. Databases should be held by the appropriate levy-payer owned body, and be available to appropriate authorities under circumstances of biosecurity emergencies.

#### **Recommendation 3**

**4.21** The committee recommends the establishment of a cost-effective, automated agricultural levy system. The system should identify levy payers against levies paid. The automated system should provide for more immediate settlement of levy fees paid and the allocation of voting entitlements where relevant. It should be subject to regular independent auditing and verification.

#### **Recommendation 4**

**4.22** The committee recommends that where industry sectors are subject to levies by both states and territories and the Commonwealth, the merging of record keeping and levy collection should be investigated to avoid duplication and reduce costs to producers.

#### **Recommendation 5**

**4.28** The committee recommends that the Department of Agriculture provide agricultural industries with a timeframe for levy application and amendment decisions.

#### **Recommendation 6**

**4.29** The committee recommends that the Department of Agriculture, in cooperation with relevant agricultural industries, conduct a review of the process to establish and amend agricultural levies including modifications to levy components. The review should identify methods to provide for a more cost-effective and responsive process while maintaining an appropriate level of accountability.

#### **Recommendation 7**

**4.32 The committee recommends that the Department of Agriculture review and if necessary, redraft the criteria for Prescribed Industry Bodies (PIBs) with a view to developing a transparent, uniform and contestable process, including published criteria and thresholds as applicable, for the recognition of PIBs for the purposes of collecting levies.**

**4.33 The committee further recommends that PIBs already recognised under legislation should be required by the Department of Agriculture to conclusively demonstrate, within a period of no more than five years, that they meet the criteria referred to in Recommendation 7 in order to remain the recognised PIB for their relevant industry sector.**

