

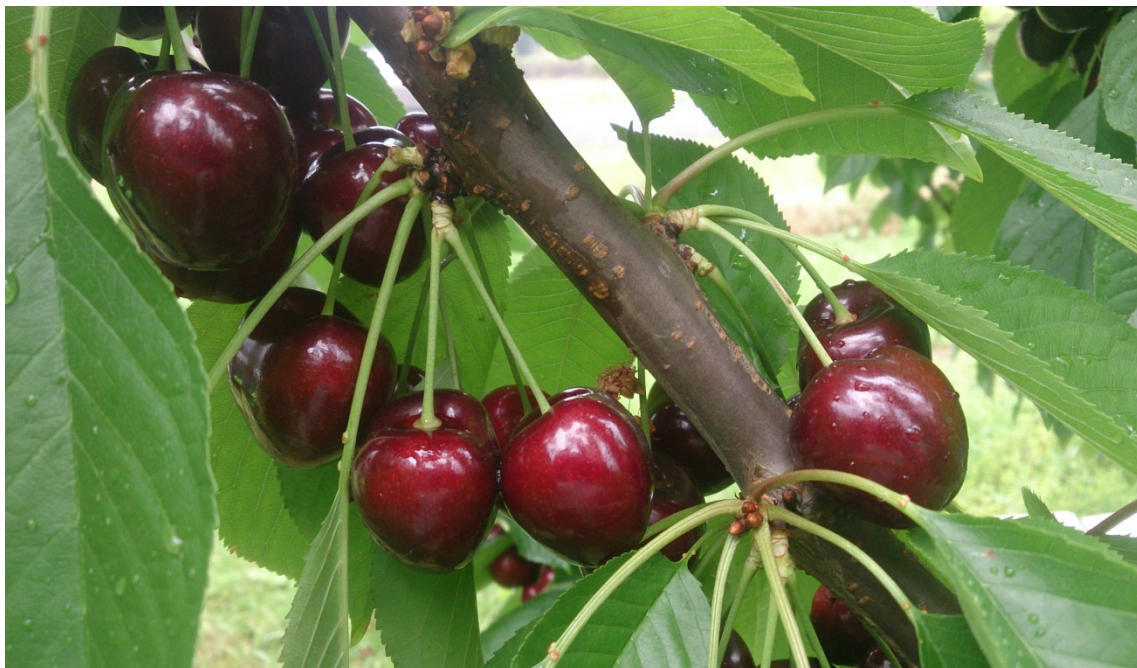


Cherry Growers Australia Inc

ABN 77797945686

Report to the Federal Minister on the review of current levies set by the Australian Cherry Industry and the levy vote held.

November 2017





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17th of May 2018

Honorable David Littleproud, MP
Minister for Agriculture
Parliament House
Canberra ACT 2600

Dear Minister

I am writing to you as the President of Cherry Growers Australia, as a follow up to the previous correspondence sent to the prior Minister for Agriculture and Water Resources, Barnaby Joyce in June 2016 and November 2017 (attached) on matters pertaining to a review of our levies for the Australian Cherry Industry.

In June 2016, a levy review had been undertaken by industry to seek amendment to the National Cherry Levy. The results of this Levy review were ultimately not approved by the Federal Government. This necessitated another Levy review that has been completed in 2017.

CGA would like to formally indicate to you that a review of our levy has been undertaken in accordance with the Department of Agriculture - Levy Principles and Guidelines document of January 2009.

The 2017 Levy review has seen feedback from industry that increased focus and funds allocation needs to be made to Research and Development activities that are essential to the future export aspirations of the Australian cherry industry. An increased R&D spend on treatment pathways to phytosanitary markets is essential if the Australian Cherry Industry is going to provide the data the Department of Agriculture and Water Resources require to continuing to open new and improve existing export markets.

That review has now been completed and voted on by the Australian Cherry Industry in a ballot held from 27th of October 2017 to 10th of November 2017 by the Tasmanian Electoral office.

432 ballots were posted out to the industry prior to the voting period by the Tasmanian Electoral Commission.

The results provided back from the Tasmanian electoral office were 70 returned of which one was informal so 69 valid votes and a 16% return.

From the returned votes: Option 1: 49 votes counted in favor – 71%

This was a new levy structure to be approved of:

- 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: 20 votes counted in favor to keep the levy the same – 28.9%

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).

There was one informal vote.

So under Australian Government - Levies Revenue Service - Levy Principles and Guidelines Paper 2009, in Section 3.2 G on page 6:

CGA does have a 50% plus one who chooses to vote in a one vote per producer ballot with the result provided to move forward for changes to the current levies and recommends that the Minister make these changes for the 2017/2018 and following seasons.

The overall levy paid by industry will remain at 7c. The change to allocate increased funds to Research and Development has come off the continued market access focus of the Australian cherry industry. This focus requires additional R&D to be completed to support the efforts of the Department of Agriculture and Water Resources in Canberra.

Since the levy vote has been completed, Cherry Growers Australia has received final estimations on pest responses for Varroa Mite and Brown Marmorated Stink Bug, which will require the EPPR levy to be activated. Current estimations of the pest responses are as follows:

- Varroa - \$104,520
- BMSB (Glendenning) \$3,225
- BMSB (Jandakot) \$2,670

Future tonnage of the Australian cherry industry is expected to be approximately 15,000t annually. In order for the pest responses to be repaid within a 3 year period, request the EPPR be activated at .7c annually.

With the EPPR activated, the new levy structure is proposed as follows:

- 5.00 (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;
- 0.70 (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;

I have written to levy payers, on behalf of Cherry Growers Australia advising of the proposed changes to the EPPR levy, that the request for the changes have been made to yourself, as Minister for Agriculture and Water Resources, and that there will be an objection period. This communication details the start date (the date of the communication) of the 14th of May 2018 and the finish date of the 29th of June 2018. The objection period is six weeks and four days long.

I have attached for your information:

- A full copy of final discussion paper emailed out to all levy payers via the CGA database (293) and levy database (323) and hard copy mailed out to CGA mail-out database (560) in August 2017;
- Summary of activities undertaken by industry to ensure compliance with levy principles;
- The summary report from Levy Workshops in 2017 sent to the CGA Board prior to the Levy Vote;
- A copy of the Levy Vote advice sent to all Levy Payers with the Levy Ballot Pack; and
- Copy of the Levy Ballot Pack Letter and Ballot paper as prepared by and sent to levy payers by the Tasmanian Electoral Commission.

I look forward to discussing our recommendation made to you for the changes in the Australian Cherry Levy for the next 3-5 years and want to ensure the changes are implemented by the commencement of the Australian Cherry season.

If you need any further information please call me on 0438 059 464 or email me on president@cherrygrowers.org.au

Yours faithfully,

Tom Eastlake
President
Cherry Growers Australia