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To the Australian Cherry Industry

I am writing to you as President of the Cherry Growers Australia Inc. You would be aware the Cherry Growers of Australia Board agreed to undertake a review of the existing statutory cherry levy rates that provides support to the Australian cherry industry going forward.

Over the past 30 months, the CGA Board has been working with the State Association members and listening to growers to continue this process. The attached paper on the **Review of current levies set by the Australian Cherry Industry - August 2017**, is being circulated for comment with Levy workshops to be conducted in all States in late August / Early September.

Over the last two and a half years, the CGA Board has reviewed all the feedback from the levy discussion papers and workshops and sought a vote on an amended levy structure in mid-2016. This levy proposal sought to change the current levy to include a portion of levy funds to be directed to Cherry Growers Australia directly rather than being administered by Horticulture Innovation Australia.

This proposed change was not approved by the federal Minister for Horticulture Anne Ruston.

This change, seeking 2c of levy funds to be directed directly to CGA, was sought at the time in the advent of CGA having no clear funding streams for future funding with the expiration of its' projects originally approved by Hort Innovation's predecessor – Horticulture Australia Limited (HAL).

Since the levy vote in 2016 however, Cherry Growers Australia has submitted a number of project proposals and won tenders or side agreements for the implementation and administration of these proposals including the Cherry Industry Communications project and the Cherry Industry Export project.

This has seen functions of CGA funded and given much needed security for the future of our industry body.

With this knowledge, CGA has once again sought to obtain feedback on a levy change from the Australian growers through the State member bodies of Cherry Growers Australia which culminated in an industry workshop on the 21st of June in Melbourne to seek to finalise the industry's view of levy requirements for the future.

The following points were raised:

- The current R&D levy is inadequate to fully fund the research and development needs of the industry currently and certainly insufficient to cover requirements into the future.
- The marketing levy at 3c is generating little return and a large cache of unspent marketing funds is currently held within Horticulture Innovation Australia.
- There is little appetite for having the marketing levy remain at 3c given the return it is providing.
- 2c of the marketing levy is to be apportioned to R&D to provide additional funds for new R&D projects that are required by industry.
- An additional 2c being apportioned to R&D funds by reducing the marketing levy will increase the annual funding for R&D projects while keep overall levy payment by growers at the same cost per kg of fruit sold.

This has culminated in a new proposal for the breakdown of levies paid by Australian cherry growers. This new proposal will be put out for consideration and vote by growers in an upcoming levy vote together with an option to have the current levy structure remain unchanged.

The two proposals for the cherry industry levy are:

- A new split of the 7 Cents / Kilogram for research and development and marketing and promotions levy;
- The status quo of 7 Cents / Kilogram, split into the current research and development and marketing and promotions areas.

These are explained on the information sheet provided in this package see page 3.


Cherry Growers Australia is the Peak Industry Body representing all growers and serves as your voice. The levy vote is your change to have your say on the future of your levies.

The review process will not affect any levies still to be collected this financial year, however, should majority support be achieved during the cherry levy ballot, the new levy rates are likely to be implemented during the 2017/18 financial year once approved by the Federal Minister.

If you would like any additional information on this vital issue, I would encourage you to contact myself, your Cherry Growers Australia Board state representative or your state body.

I look forward to you voting in this important process.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tom Eastlake". The signature is fluid and cursive, with a prominent flourish at the end.

Tom Eastlake
President CGA Board
04 August 2017

Information package on the vote on Australian Cherry Levy – August 2017

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; and

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).

Approximate figures of revenue raised related to the two options to be voted on are listed below

Cherry levy by tonnes per financial year	Research and Development amounts raised	Matched by Australian Government	Total	Marketing and Promotions amounts raised	Total
OPTION 1	NEW PROPOSAL			NEW PROPOSAL	
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
OPTION 2	CURRENT STATUS			CURRENT STATUS	
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

