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Australian Cherry Levy Workshops - President's Report from Levy Workshops

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Summary

After the Minister's Decision to reject the proposed levy changes by industry in 2016, a new levy proposal has been canvassed.

The CGA board met in Melbourne in February 2016 after a national forum held on the 11th and 12th of February to canvas industry's requirements and desires for the cherry industry levy.

Further consultation took place from February to May with levy payers to determine the needs and wishes of the levy payers.

This culminated in a face to face roundtable event administered by independent facilitator Lisa Adams, which saw levy payers attend from around Australia. This event was well attended by levy payers, all State CGA board members and individual representatives from all states. 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.

The Discussion Paper on the Review of the Current Levies set by the Australian Cherry Industry was sent out to industry. Recipients of the Discussion paper were via:

- Email to nearly 293 contact addresses;
- Mailed out to 560 on the mail out database; and
- Emailed out to 323 Levy agent addresses.

This was completed in mid August 2017.

No written submissions were received after mailout.

Workshops were held at the locations listed below and the feedback for those related to the levy discussion and other matters detailed.

The CGA board elected to hold the workshops as part of the Cherry Industry Export Registration Days and Annual General Meetings of the State Member associations of Cherry Growers Australia Ltd to ensure broader penetration to levy payers than a stand alone levy event.

Location	Date and Time	Where
Tasmania	Thursday 26th of May 9:00am	Tailrace Centre Riverside, Launceston Tas
Victoria	Tuesday the 19 th of September 9:00am	Mont De Lancey, Wandin VIC
New South Wales	Thursday the 3 rd of August Orange 9:00am	Canobolas Hotel, Orange NSW
Western Australia	No workshop held	N/A
South Australia	Tuesday the 25 th of July 4.15pm – 5.45pm	Lenswood Bowls Club
Queensland	No workshop held	N/A

*Note *(1) Indicates big growers/exporters for respective State*

No workshop was held in Queensland after consultation with growers in the state who advise the state is still a low production area. This echoed commentary from 2016 workshops where similar advice was received from growers to not hold a workshop in this venue.

A workshop was not held in Western Australia after advice from representatives in the state. Similarly, the state is a small grower number and low production volume state. After advice received, no workshop was held.

FINDINGS FROM WORKSHOPS

Tasmania - Main issues discussed.

- Meeting agreed to Option 2 going forward.

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;
- Ability of CGA to receive new funding through project administration is a positive step, however new ways of funding need to be determined.
- Acknowledge minister will not approve funding to bypass Hort Innovation.
- Option of zero levy was discussed.
- New structure of the Cherry Export Working Group has industry behind CGA structure with CEWG to advise and direct export strategy.
- Key areas for R&D remain:
 1. Fruit fly and market improvement for areas outside the PFA's.
 2. Pest response in the event of fruit fly detection in Tasmania.
 3. R&D on production issues and improvement.

Victoria - Main issues discussed

- Meeting agreed to Option 1 by all attendees. Noting market access remains the principal critical issue for the Australian Cherry Industry and all resources need to be thrown behind opening new and improving current market access.

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;

Discussion about:

- Collection of levies and disappointing about Minister's non-willingness to approve industry's wishes to direct a specified portion of levies to CGA
- Concern about long term ability to fund crucial activities via Hort Innovation.
- Vital project work (eg. MBe) is expensive, but if it is required, additional funds will be needed to fund.
- Marketing will be required, especially in the advent of new market access. Some marketing levy is required.
- Marketing funds need to be held to support new markets when opened. Not wasted.

New South Wales - Main issues discussed

- **Meeting agreed to 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;

Discussion

- Market access remains to principle focus of the industry and must be supported with whatever resources are necessary
- Concern raised about future funding streams of the cherry industry to undertake essential tasks, but acknowledged new funding streams has provided some medium term security.
- Concerns about viability of any marketing levy into the future. Some discussion had about whether levy should be reduced to zero, however overall agreement reached to leave a 1c marketing levy in case of a need to support new market access in foreign markets.
- Discussion around the function of the Cherry Export Working Group and Cherry Growers Australia and how the two work together. The CEWG has supported the levy option 1 due to R&D requirements. This satisfied concerns that the CEWG should be consulted on their perception of industry needs into the future.

South Australia - Main issues discussed

- **Meeting agreed to Option 1 unanimously by all attendees.**

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;

- Discussions took place around CGA's future and industry's involvement in making decisions on R&D projects.
- Need to ensure a national approach to R&D. Issues can be localized and need to be factored into national levy spend, so all growers are representative.
- Noted that Tony Hannaford is a member of the Strategic Industry Advisory Panel for the cherry industry.
- Marketing is still an important part of levies and POS material is still widely welcomed and required by growers.
- Possible future reconsideration of market approach is required.

Queensland

No issues discussed one email back saying the grower was happy to go with what is decided by the CGA Board and out for a vote. (Only 3 growers in Queensland and very small crop levied about 30 tonnes.)

Western Australia

No issues discussed. Discussion with growers and grower representative in Western Australia advised support of industry's consensus. (Small number of growers in Western Australia with a levied crop of < 100 tonnes.)

Recommendation

That the CGA Board consider the feedback on the levy discussion paper and finalise an option to go on the ballot paper for the Australian Cherry Industry to vote next to the current levy option for the industry.

Based on feedback from Export Registration Workshops, State AGMs and the National Cherry Industry Future Direction for Levies and Export workshop held in Melbourne, all events provided feedback supporting Option 1. CGA Board to review and complete final ballot options.

Once a final options are approved this information will be conveyed to the Tasmanian Electoral Office to carry out the ballot.

It is proposed that the wording could be subject to approval by the CGA Board the main issue is the need to seek changes to current legislation if the industry does vote for this option.

Option 1

New Levy options

- 5.70 (Cents /Kilogram) for Research & Development that is matched \$ for \$ by the Australian Government;
- 0.30 (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

Option 2

Current Levy maintained with minor adjustment on Plant health Levy

- Maintain the Research and Development Levy at 3.80 (Cents /Kilogram) that is matched \$ for \$ by the Australian Government;
- Maintain the Marketing and Promotions Levy of 3 (Cents /Kilogram) that is not matched by the Australian Government;
- Maintain the 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).