



SUMMERFRUIT AUSTRALIA LTD

PROPOSAL TO AMEND THE STONE FRUIT LEVIES AND CHARGES.

INDUSTRY OVERVIEW:

Australian Stonefruit is produced in approximately 26 regions in all states across the country. Victoria and New South Wales dominate, with 75 per cent of production in Victoria. However South Australia, Queensland, Tasmania and Western Australia are also important production states. The Australian Stonefruit Industry is now producing around 120,000 to 140,000 tonnes of fresh peaches, nectarines, plums and apricots (seasonally dependent) from November to April each year.

Summerfruit Australia Limited (SAL) is the recognised peak industry body for Stonefruit (fresh apricots, nectarines, peaches and plums). It represents the interests of the Stonefruit industry on a national and international basis. SAL has responsibility for representing industry members' wishes on levy imposition, industry consultation, and the monitoring of effectiveness of levy settings, including increasing or decreasing investment to respond to opportunities or threats, consistent with the body's constitution.

SAL works closely with other interested groups, government and supply chain partners to maximize profitability for the industry. SAL is a communications channel, a lobby group, a provider of technical information and a promoter of stonefruit as a healthy nutritious fruit.

The following is an extract from the Hort Innovation 'Australian Horticulture Statistic Handbook 2020/21' and gives a snapshot of the industry.

Year Ending June	2019		2020		2021	
	Value	Value	% YoY	Value	% YoY	
Production (t)	161,039	137,717	-14%	124,878	-9%	
Production (\$m)	\$ 461.0	\$ 413.9	-10%	\$ 338.9	-18%	
Producing Trees (000 Trees)	-	5,817	-	-	-	
Fresh Export Volume (t)	23,045	21,269	-8%	20,983	-1%	
Fresh Export Value (\$m)	\$ 89.0	\$ 89.1	<1%	\$ 92.1	+3%	
Fresh Import Volume (t)	2,708	2,549	-6%	2,109	-17%	
Fresh Import Value (\$m)	\$ 15.6	\$ 14.1	-10%	\$ 12.8	-9%	
Fresh Supply (t)	108,278	92,448	-15%	81,723	-12%	
Fresh Supply Wholesale Value (\$m)	\$ 449.0	\$ 394.8	-12%	\$ 301.7	-24%	
Supply per Capita (kg)	4.30	3.58	-17%	3.17	-11%	
Retail Supply (t)	97,822	84,369	-14%	74,616	-12%	
Retail Supply Wholesale Value (\$m)	\$ 405.1	\$ 359.8	-11%	\$ 274.7	-24%	
Food Service Supply (t)	10,456	8,079	-23%	7,107	-12%	
Food Service Wholesale Value (\$m)	\$ 43.9	\$ 35.0	-20%	\$ 27.0	-23%	

Sources: ABS; AC; CFVIWA; GTA; SAL; MP & DD (Freshlogic Analysis)

THE COLLECTIVE INDUSTRY PROBLEM AND OPPORTUNITY:

The Australian Stonefruit industry is continuing its expansion into export markets, discussed further in this section. As such, there is an increased need for the development of technical market access data packages and building export capacity within the industry. The proposed levy amendment seeks to increase the research and development (R&D) levy, whilst reducing the levy collected for marketing purposes to zero.

The Australian summerfruit industry has grown from \$331 million in June 2013 to \$413 million in June 2020 - 25 per cent industry growth in those 7 years. Much of this growth has been export-led with exports growing from \$33 million to \$90 million over the same period as highlighted by the following table and graph extracted from the '2021/22 Australian Summerfruit Export Report': -

Australian Exports of Summerfruit (all) - July to June 2012 to 2022												Change to	10 yr CAGR
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22		2020/21	growth trend
Value A\$ Million	32.8	39.9	38.7	48.3	51.4	65.2	89.0	89.8	91.9	79.3	-13.7%	10%	
Avg A\$ per kg	\$ 2.87	\$ 3.53	\$ 3.05	\$ 3.36	\$ 3.68	\$ 3.66	\$ 3.86	\$ 4.17	\$ 4.39	\$ 4.54	3%	5%	
	Tonnes												
China	-	-	-	-	1,868	4,985	9,334	10,455	11,256	11,646	3%		
Singapore	1,527	1,178	1,851	2,022	1,660	2,462	2,602	2,125	2,105	1,699	-19%	1%	
Hong Kong	5,551	5,598	5,959	6,408	4,862	3,308	2,485	1,019	1,679	873	-48%	-19%	
Malaysia	460	483	560	702	584	884	1,092	921	938	670	-29%	4%	
United Arab Emirates	2,473	2,317	2,467	2,718	2,104	1,888	1,783	1,219	1,302	610	-53%	-14%	
Canada	12	23	61	59	301	274	396	812	560	300	-46%	43%	
Taiwan	259	-	132	61	19	98	84	91	397	286	-28%	1%	
Indonesia	105	94	151	228	341	620	1,074	1,062	529	285	-46%	12%	
Qatar	137	169	124	222	181	353	387	402	358	221	-38%	5%	
Kuwait	166	151	269	409	467	598	744	700	452	164	-64%	0%	
Saudi Arabia	139	175	463	879	1,140	1,378	1,950	1,728	405	157	-61%	1%	
New Caledonia	133	139	119	114	89	105	157	132	95	138	45%	0%	
Philippines	7	16	32	40	20	20	48	82	92	80	-14%	++	
Oman	-	-	-	48	4	374	443	458	196	52	-74%		
Vietnam	130	544	120	0	-	-	-	-	-	51	++	-10%	
India	10	50	27	84	15	52	51	34	343	33	-90%	14%	
Thailand	3	9	108	115	120	96	87	113	12	26	123%	29%	
French Polynesia	25	11	14	29	17	42	38	30	37	24	-36%	-1%	
French Polynesia	470	473	293	647	652	42	38	30	37	24	-36%		
Fiji	315	517	521	467	938	14	15	20	13	13			
Bahrain	44	66	78	97	63	69	95	14	19	15			
all other	(530)	(714)	(686)	(989)	(1,481)	120	144	94	129	122	-5%		
TOTAL SUMMERFRUIT (Tonnes)	11,436	11,298	12,665	14,362	13,963	17,783	23,045	21,540	20,952	17,488	-17%	5%	

Source of Data: ABS via IHS Global Trade Atlas; Fresh Intelligence Analysis

The industry has expanded 12 per cent in the past 2 years with Victoria driving this growth. Victoria has increased 17 per cent according by volume. Annual production comes from about 450 growers. The 250 largest summer stonefruit growers are responsible for around 80% of Australian produce.

With Australian domestic fruit and vegetable consumption remaining very low, the Australian horticulture sector is building export markets to power industry growth. The Australian table grape and citrus are examples of how export can drive sectors with 60-70 per cent of their production exported, particularly to high value markets. The Australian summerfruit industry has huge opportunities in export led growth.

In 2019/2020 the summerfruit industry exported 22 per cent of the value of production, highlighting the increasing reliance on export markets. While there are a number of challenges facing the industry, including COVID-19 and the cost of airfreight, the Australian summerfruit industry has a bright future.

The maintenance of access to existing export markets and the accessing of new markets is a critical enabler of export growth. Market access needs to be supported by technical market access data packages which are developed by scientists to the standards expected by our international trading partners. The research and replication trials are often expensive and time sensitive, requiring significant industry investment.

Another area of focus is export capacity building in industry to ensure that the summerfruit industry and individual growers are able to take advantage of new market access. Biosecurity (the management of plant pest and disease) is a critical area for industry investment to safeguard our collective investments in trees and associated infrastructure. A pest or disease incursion has the potential to cripple our industry.

DEVELOPMENT OF THE PROPOSAL:

a) R&D

Success of any kind requires focus and a critical mass of resources devoted to the priority to secure the outcome. In order to grow our industry, the summerfruit industry must increase investment both from industry levy funds and matched government contributions in the areas of biosecurity, industry capacity building and market access.

SAL proposes that the R&D levy on stonefruit be increased from 0.539 cents per kilogram to 0.98 cents per kilogram.

SAL has consulted with Hort Innovation Australia Ltd (Hort Innovation) and a letter of support has been obtained and is attached.

Noting the current arrangements for the Commonwealth to match expenditure on R&D, the proposed change to the R&D levy component would increase the Commonwealth's contribution to R&D investment for stonefruit.

The following is the financial operating statement for 2020/21 of the Summerfruit Levy from the '*Summerfruit Annual Report 2020/21*' (as prepared by Hort Innovation).

Summerfruit Fund Financial operating statement 2020/21

	R&D (\$)	Marketing (\$)	Total (\$)
	2020/21 July – June	2020/21 July – June	2020/21 July – June
OPENING BALANCE	(152,438)	587,377	434,939
Levies from growers (net of collection costs)	468,167	383,582	851,749
Australian Government money	388,320	–	388,320
Other income*	9,020	82,606	91,626
TOTAL INCOME	865,507	466,188	1,331,695
Project funding	666,275	657,194	1,323,469
Consultation with and advice from growers	3,175	1,058	4,233
Service delivery	107,190	136,642	243,832
TOTAL EXPENDITURE	776,640	794,894	1,571,534
Levy contribution to across-industry activity	–	–	–
CLOSING BALANCE	(63,571)	258,671	195,100
Levy collection costs	16,049	12,594	28,643

The levy collection for R&D and Marketing for 2020/21 was a total of \$851,749 (R&D: \$468,167 / Marketing: \$383,582). Based on these figures, the proposed change in levy would see an estimated \$851,749 allocated to R&D.

SAL understands the legislation and that the Commonwealth Government matching payments for R&D are limited to the lesser of either half of the R&D expenditure, the amount of levies collected, or 0.5 per cent of the GVP for the financial year.

In this instance, we understand that the Commonwealth matching is dependent on R&D spent by Hort Innovation and not purely on R&D levy collected.

While not assuming an allocation of an equal amount of Commonwealth matching funds, this change will give the summerfruit industry much more funds than the current unmatched amount of \$468,167 (anything up to \$851,749 unmatched).

Based on R&D funding derived from the current levy setting, there is insufficient funds to currently take on new research projects and expand the R&D program.

Increasing the R&D levy and decreasing the marketing levy to zero will assist in reversing this trend.

Planned uses of the additional R&D funds will be directed to activities including: -

- **Reviewing and updating the data sets for treatments utilised in the relevant current and future market access protocols.**

(Summerfruit Industry Strategy OUTCOME 1: Demand creation Demand creation supports the Australian summerfruit industry to develop existing and future domestic and international markets.)

- **Additional research to assist in opening the markets of South Korea and Japan.**

(Summerfruit Industry Strategy OUTCOME 1: Demand creation Demand creation supports the Australian summerfruit industry to develop existing and future domestic and international markets.)

- **Industry benchmarking through improved data collection.**

(Summerfruit Industry Strategy OUTCOME 3: Business insights The Australian summerfruit industry is more profitable through informed decision-making using consumer knowledge and tracking, trade data, production statistics and independent reviews.)

- **Improved and expanded industry communications to growers.**

(Summerfruit Industry Strategy OUTCOME 4: Extension and capability Improved capability and an innovative culture in the Australian summerfruit industry maximises investments in productivity and demand)

- **Expanded research into new pest and disease management protocols.**

(Summerfruit Industry Strategy OUTCOME 2: Industry supply, productivity and sustainability The Australian summerfruit industry has increased profitability, efficiency and sustainability through innovative R&D and sustainable BMPs.)

- **Industry development through additional extension and adoption programs.**

(Summerfruit Industry Strategy OUTCOME 4: Extension and capability Improved capability and an innovative culture in the Australian summerfruit industry maximises investments in productivity and demand)

While there are a range of other areas we could invest these additional industry funds, investment in an export led growth phase is the surest way to deliver returns for all growers. For those growers who do not export, investment in export ensures that the domestic market is not over supplied - an over supplied domestic market reduces returns for all growers.

While SAL is seeking an increase in the R&D levy there is no proposal to change the method of collection.

b) Marketing

In contrast, it is SAL's view that marketing activities, which is not matched by Commonwealth Government contributions, are best undertaken by individual growers and marketing companies. Their direct investment is not subject to management charges by a third party and can be targeted to areas that most effectively generate sales growth.

SAL proposes that the marketing levy and charge on stone fruit be reduced to nil. With the setting of the summerfruit marketing levy at zero, going forward, SAL will work with the industry and individual growers to undertake domestic and international marketing utilising voluntary contributions and other funds. The following are some examples of programs undertaken in 2021/22 that utilised non-levy funds made available by growers and non-statutory levy programs:

- A 'pilot' domestic program was undertaken by Summerfruit Australia Limited through the Summerfruit Export Development Alliance during the 2021/22 season.
- In addition, a major new initiative was undertaken in China through the launch of the 'Natural Jewels' and 'Tōpa' brands.

In support of this overview, SAL would respond to the following: -

1. How will setting the marketing levy to nil affect things?

SAL does not believe the setting of the marketing levy to nil will have any affect given that a relatively small amount of funds that have been collected in the past and the programs implemented have not achieved a significant 'return on investment' to any growers/levy payers.

To ensure an effective industry program the marketing levy would need to be set a much higher level. SAL believes that there is no appetite to increase the marketing levy based on previously failed industry consultation.

Because growers have their own brand(s), which they promote in both the international and domestic markets, the use of an industry program has limited or no benefit and only leads to confusion in the markets and for consumers.

2. Will any existing program be affected by the loss of marketing levy revenue?

As marketing programs are developed on a yearly basis there are no long-term marketing programs that require funding into the future.

As a result, having a nil marketing levy will have no effect on any existing programs.

3. If so, are there any marketing levy reserves that will be used to cover those?

Any marketing levies left in reserve will be utilised to fund international marketing programs in current or new international markets including the recently opened market in Vietnam.

The process will involve SAL working with Hort innovation to best allocate any reserves to achieve maximum benefit to the industry.

4. How will smaller producers be able to invest in marketing if the marketing levy is set at zero?

All growers manage their own marketing programs and/or are involved with marketing programs organised and managed by their retailers.

These programs have been available in the past and are much more consumer focussed than small overarching industry marketing programs funded by the summerfruit marketing levy.

c) PHA and EPPR Levy

Based on the initial request by growers the PHA levy and the EPPR Levy were not considered for any change.

SAL considers that they are set at an appropriate and adequate level.

THE PROPOSED LEVY SOLUTION:

SAL put the following proposal to the Australian Summerfruit industry: -

That the stone fruit levy and charge be changed as follows: -

Table 1: Stone fruit levy and charge - (plums, apricots, nectarines and peaches)

Component	Existing Levy cent/kg	Proposed Levy cent/kg	Change cent/kg
Marketing	0.441	0.00	Reduce by 0.441
Research and Development	0.539	0.98	Increase by 0.441
PHA levy	0.02	0.02	No change
EPPR levy	0.00	0.00	No change
Total	1.00	1.00	Overall change - NIL

THE VIEWS OF LEVY PAYERS AND OTHER STAKEHOLDERS:

Phase 1: Facilitation of initial consultation:

Taking into account the changes to the industry described earlier in this submission, a number of growers requested that SAL facilitate discussion, SAL was requested by a number of growers to facilitate discussion about a possible change to the composition of the stone fruit levy and charge. This was done in the second half of 2021 through email contact with the industry which included: -

- Development of an information package and ballot paper.
- Distribution of the package via direct e-mail on the 12th of September 2021 to in excess of 120 growers that are currently registered for exporting to China, Thailand and Vietnam.
- Distribution of the package via a Mailchimp newsletter on the 13th of September 2021 to in excess of 250 additional growers that are registered with Summerfruit Australia Ltd.
- Distribution of the package through the State and Regional Stonefruit organisations.
- Notice in 'The Drupe' newsletter on the 22nd of September 2021. This newsletter is the major communication channel to the Australian Summerfruit industry and has in excess of 500 recipients.
- Follow-up reminder notices on the 1st and 2nd of October 2021.

The ballot closed on the 4th of October 2021 and the votes collated.

SAL received thirty responses (30) and there was a 77% response supporting the proposed change. As a result, SAL agreed to facilitate a formal vote.

PHASE 2: Formal Vote

SAL prepared and distributed a formal vote on the proposal to adjust the stone fruit levy and charge to reflect a greater focus on investment in research, development and extension.

The proposed adjustment was aimed at: -

- Building the future of the industry
- Improving export market access,
- The maintenance of access to existing export markets
- Accessing of new markets which are critical to enable export growth.
- Supporting market access by the preparation of technical market access data packages which would be developed by scientists to the standards expected by our international trading partners. (The research and replication trials are often expensive and time sensitive, requiring significant industry investment.)
- Focussing export capacity in the industry to ensure that the summerfruit industry and individual growers are able to take advantage of new market access.
- Improving Summerfruit Biosecurity (the management of plant pest and disease) to safeguard our collective investments in trees and associated infrastructure and also assist in future market access applications to the USA, NZ, South Korea and Japan.

In comparison to other industries our overall grower levy contribution remains low as a proportion of the stone fruit value of production. The Levy Paper (Appendix A) and the Ballot Paper (Appendix B) as attached below were prepared by SAL in consultation with representatives of the Department of Agriculture, Fisheries and Forestry.

These documents were forwarded to industry through the following channels: -

- E-mail Blast by Summerfruit Australia Ltd forwarded on the 18th of May 2022 - **total 147**
- Mailchimp e-newsletter by Summerfruit Australia Ltd forwarded on the 23rd of May 2022 – **total 291**
- Distribution by Growcom (QLD) to local Queensland growers/levy payers – **total of 4**
- Distribution by Stonefruit WA (Western Australia) to local WA growers/levy payers – **total 119**
- Distribution by Cobram and Districts Fruit Growers' Association (Victoria) to regional Victorian growers/levy payers – **total 30**
- Distributed by Swan Hill Summer Fruit Development Association Inc (Victoria) to regional Victorian growers/levy payers – **total 73**
- Distributed by Summerfruit SA (South Australia) to regional South Australian growers/levy payers – **total 20**
- Distributed by Fruit Growers Tasmania (Tasmania) through their Fruit eNews Edition 4 June 2022 – **total 200**
- Article in 'The Drupe' e-newsletter prepared and distributed by Summerfruit Australia Ltd on the 1st of June 2022 through our Mailchimp platform – **total 557**
- Further e-mail blast from Summerfruit Australia Ltd was forwarded on the 19th of June 2022 reminding industry that they had 7 days left to vote – **total 147**
- Further Mailchimp e-newsletter by Summerfruit Australia Ltd on 20th June 2022 reminding industry that they had 7 days left to vote – **total 291.**

In addition, an advert was prepared (Appendix C) and placed in the following regional media: -

- Huon News (Tasmania) – 8th June 2022
(Covering the major stonefruit region within Tasmania)
- Warwick Today and Stanthorpe Today (Queensland) - 8th June 2022
(Covering the major stonefruit region of Stanthorpe and surroundings within Queensland)
- Stock Journal (South Australia) – 9th June 2022
(Covering the major stonefruit regions of the Adelaide Hills and Riverland within South Australia)
- The Land (New South Wales) – 9th June 2022
(Covering the major stonefruit regions within New South Wales)
- Murray Pioneer (Riverland, South Australia) – 9th June 2022
(Covering the major stonefruit region of the Riverland within South Australia)
- Young Witness (Young, New South Wales) – 10th June 2022

(Covering the major stonefruit regions of Young and Orange within New South Wales)

- Weekly Times (Victoria) – 15th June 2022
(Covering the major stonefruit regions within Victoria but has a reader reach in other States)

Further to that Trevor Ranford, Chief Executive Officer of SAL, was interviewed by the Mildura ABC reporter on the 22nd of June 2022 and the interview used across a number of the ABC outlets.

Within the package of information to growers/levy payers and within the media adverts, growers/levy payers were invited to discuss any of their concerns, issues and/or points of clarification with Mr Ranford. No phone calls or e-mails were received as part of the initial process or the formal ballot process.

EVIDENCE OF MAJORITY INDUSTRY SUPPORT:

The proposal to change the levy/charges has been communicated to industry over a period of 15 months when the first request was made by a number of growers in March 2021.

To judge the interest in making any changes SAL facilitated a process to 'test the interest' within the industry. This took place in September/October 2021 and is detailed above. Based on the response received, SAL undertook the formal ballot process across May/June 2022.

SAL is confident that the widest possible consultation has been undertaken and that the results reflect the position of the majority of Australian stonefruit growers and levy payers.

An information package and a ballot paper were prepared and distributed to the best-known list of growers and/or levy payers. Based on the details above the information was sent to 1,322 recipients across Australia. In some instances, some businesses may have received the information more than once.

- In effect the 450 Australian stonefruit growers/levy payers would have received
- a) The package for the initial facilitation of the discussions proposing the levy change, and
 - b) The package of information and the formal ballot paper.

The growers/levy payers had two main options to respond by e-mailing or mailing the ballot paper to the independent contractor utilising their e-mail and/or post address. In addition, growers/levy payers had the opportunity, anytime across both the initial facilitation process and/or the formal vote, to contact the SAL office and request assistance, more information, or an extension of time to submit their ballot. No contact was received from any growers/levy payers during both periods.

Based on the number of times the information was presented across the period the ballot was open and that 450 growers/levy payers received the information SAL believes every grower/levy payer had the opportunity to cast a vote.

While the number of ballots returned could be considered low the responses across the initial facilitation process and the formal vote were very similar.

An independent person, Jodie Bradbrook of Bradbrook Lawyers, was engaged to be the central point for the formal votes and at the conclusion of the voting period supplied the results of the ballot.

The following are the results: -

- Utilising the distribution information above the package of information and the formal ballot paper were distributed 1,322 times.
- In effect the 450 known growers/levy payers received the information at least once.
- 24 votes received.
- 20 FOR the proposal to change the levy/charge split – 83.3%.
- 4 AGAINST the proposal to change the levy/charge split – 16.7%.
- Based on the figures supplied, the 20 growers/levy payers that voted FOR the proposal represent between 23,710 and 58,470 tonnes of production
- Based on the figures supplied, the 4 growers/levy payers that voted AGAINST the proposal represent between 10,750 and 11,500 tonnes of production.
- Utilising the production figure of 126,767 tonnes, (in the table extracted from the *Australian Horticulture Statistic Handbook 2020/21*), which were from the 2021 season, means that at the upper limit of the 20 growers represented 46% of production and the 4 growers represents 9.1%.
- The 24 growers/levy payers who voted represented a total of 55.1% of the total Australian production.

The following comments were received from two individual respondents of the 24 who voted: -

- Marketing Levy is a requirement to maintain and promote Australia fruit (from a grower AGAINST the proposal).

This response has been noted but the results highlight strong support to set the marketing levy at zero.

- As long as the money is used to find new export markets (from a grower FOR the proposal).

This response has been noted and the objective of the change is to undertake additional research to further expand the export opportunities for growers.

As required an objection period of 30 business days will be undertaken commencing on the date that this submission is received by the Minister for Agriculture, Forestry and Fisheries.

SAL will implement the following process: -

- A prepared notice will be distributed to the growers/levy payers using the methods as detailed above for the formal vote. This will include to the email blasts, e-newsletter and media releases. In addition, the objection proposal be published on SAL's website.
- The prepared media release will be distributed to the broad national and regional media.

- The objection period will open on Wednesday 19th October and conclude on the 25th of November 2022.
- Any objections will be noted, responded to by SAL and both the objections and responses collated and presented to the Minister.

Prepared by:

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APPENDIX A: PAPER TO INDUSTRY DETAILING THE PROPOSAL



SUMMERFRUIT AUSTRALIA LTD

RE: Composition of the stone fruit levy and charge – FORMAL VOTE

Summerfruit Australia Ltd was requested by a number of growers to facilitate discussion about a possible change to the composition of the stone fruit levy and charge. This was done in the second half of 2021 through email contact with the industry which included: -

- Development of an information package and ballot paper.
- Distribution of the package via direct e-mail on the 12th of September 2021 to in excess of 120 growers.
- Distribution of the package via a Mailchimp newsletter on the 13th of September 2021 to in excess of 250 growers.
- Distribution of the package through the State and Regional Stonefruit organisations.
- Notice in 'The Drupe' newsletter on the 22nd of September 2021.
- Follow-up reminder notices on the 1st and 2nd of October 2021.

The ballot closed on the 4th of October 2021 and the votes collated.

Summerfruit Australia Ltd received thirty responses (30) and there was a 77% response supporting the proposed change. As a result, the Summerfruit Australia Ltd has agreed to facilitate a FORMAL VOTE.

As a stone fruit grower and levy payer, we are now seeking your formal vote on the proposal to adjust the stone fruit levy and charge to have a greater focus on investment in research, development and extension with an emphasis on managing biosecurity risks. This adjustment will build the future of the industry and improve market access.

In comparison to other industries our overall grower levy contribution remains low as a proportion of the stone fruit value of production.

THE PROPOSAL

The proposal being considered is

- NOT to increase the overall rate of the stone fruit levy and charge, which will remain at 1 cent per kilogram (\$10 per tonne)
- To focus investment on key areas for the industry's future growth
- Reduce the Stone Fruit marketing component to zero
- Increase the R&D levy component to 0.98 cents per kilogram
- Retain the Plant Health Australia contribution at 0.02 cents per kilogram
- Retain the Emergency Plant Pest Response Deed Levy at zero.

And is detailed in the following table: -

Component	Existing Levy cent/kg	Proposed Levy cent/kg	Change cent/kg
Marketing	0.441	0.00	Set at Zero
Research and Development	0.539	0.98	Increase by 45%
PHA levy	0.02	0.02	No change
EPPR levy	0.00	0.00	No change
Total	1.00	1.00	Overall change - NIL

OVERVIEW:

The Australian summerfruit industry has grown from \$331 million in June 2013 to \$413 million in June 2020 - 25 per cent industry growth in those 7 years. Much of this growth has been export-led with exports growing from \$33 million to \$90 million over the same period. While there are a number of challenges facing the industry, including COVID-19 and the cost of airfreight, the Australian summerfruit industry has a bright future.

With Australian domestic fruit and vegetable consumption remaining very low, the Australian horticulture sector is building export markets to power industry growth. The Australian table grape and citrus are examples of how export can drive sectors with 60-70 per cent of their production being exported, particularly to high value markets. The Australian summerfruit industry has huge opportunities in export led growth.

In 2019/2020 the summerfruit industry exported 22 per cent of the value of production, highlighting the increasing reliance on export markets to drive growth.

The maintenance of access to existing export markets and the accessing of new markets is a critical enabler of export growth. Market access needs to be supported by technical market access data packages which are developed by scientists to the standards expected by our international trading partners. The research and replication trials are often expensive and time sensitive, requiring significant industry investment. Another area of focus is export capacity building in industry to ensure that the summerfruit industry and individual growers are able to take advantage of new market access.

Biosecurity (the management of plant pest and disease) is a critical area for industry investment to safeguard our collective investments in trees and associated infrastructure. A pest or disease incursion has the potential to cripple our industry.

The stone fruit levy and charge

The Department of Agriculture, Water and the Environment administers the stone fruit levy and charge for plums, apricots, nectarines and peaches (see Table 1 below). While stone fruit is not unique in comparison to the more than thirty (30) other horticulture levies there are some important points to note:

- a) The combined R&D and marketing levy is 0.23 per cent of the value of production of stone fruit - which ranks 25th when compared to the thirty-one (31) other compulsory horticulture R&D levies.
- b) The stone fruit marketing levy is 0.1 per cent of the value of production for stone fruit – ranking 19th out of the twenty-three (23) compulsory horticulture marketing levies.

Reference: Hort Statistics 2019/20 <https://www.horticulture.eom.au/growers/help-your-business-grow/research-reports-publications-fact-sheets-and-more/grower-resources/ha18002-assets/australian-horticulture-statistics-handbook/>

- c) The table grape marketing levy is only slightly higher than stone fruit at 0.12 per cent of the value of table grape production. The export growth for table grapes – 40,000 tonnes in 2013 to 152,200 tonnes in 2021 (growth from \$80 M to \$623 M) - was not driven by marketing levies - but by a focus on export market development using R&D funds combined with growers and marketers investing their own money in marketing activities. The citrus marketing levy is 0.04 per cent of the value of citrus production (less than half the proportion of the stone fruit levy) and has had similar results in export expansion.

Proposed Way Forward

d) R&D

Success of any kind requires focus and a critical mass of resources devoted to the priority to secure the outcome. In order to grow our industry, the summerfruit industry must increase investment both from industry levy funds and matched government contributions in the areas of biosecurity, industry capacity building and market access.

This proposal will generate additional R&D funds annually from levy payers.

The additional R&D funds could be directed to: -

- Reviewing and updating the data sets for treatments utilised in the relevant current and future market access protocols.
- Additional research to assist in opening the markets of South Korea and Japan.
- Industry benchmarking through improved data collection.
- Improved and expanded industry communications to growers.
- Expanded research into new pest and disease management protocols.

- Industry development through additional extension and adoption programs.

While there are a range of other areas we could invest these additional industry funds, investment in an export led growth phase is the surest way to deliver returns for all growers. For those growers who do not export, investment in export ensures that the domestic market is not over supplied - an over supplied domestic market reduces returns for all growers.

e) Marketing

In contrast Marketing activities, which is not matched by Commonwealth Government contributions are best undertaken by individual growers and marketing companies. Their direct investment is not subject to management charges by a third party and can be targeted to areas that most effectively generate sales growth.

With the setting of the summerfruit marketing levy at zero, going forward, Summerfruit Australia Ltd will work with the industry and individual growers to undertake domestic and international marketing utilising voluntary contributions and other funds. Some examples of programs undertaken in 2021/22 are as follows:

- A 'pilot' domestic program was undertaken by Summerfruit Australia Limited through the Summerfruit Export Development Alliance during the 2021/22 season.
- In addition, a major new initiative was undertaken in China through the launch of the 'Natural Jewels' and 'Tōpa' brands.

Propose that:

The stone fruit levy and charge be changed at follows:

Table 1: Stone fruit levy and charge - (plums, apricots, nectarines and peaches)

Component	Existing Levy cent/kg	Proposed Levy cent/kg	Change cent/kg
Marketing	0.441	0.00	Set at Zero
Research and Development	0.539	0.98	Increase by 45%
PHA levy	0.02	0.02	No change
EPPR levy	0.00	0.00	No change
Total	1.00	1.00	Overall change - NIL

Next Steps

- As a stone fruit grower and levy payer, Summerfruit Australia Ltd invites you to vote on the proposal using the enclosed ballot paper.

- The ballot closes at the close of business on Monday, 27 June 2022.
- If a majority of levy payers who choose to vote (50% plus one) support the proposal, a submission will be prepared by Summerfruit Australia Ltd and submitted to the Minister for Agriculture.
- The Minister makes the decision to agree, or not, to a levy proposal.

Contact us

If you would like to speak with someone about this proposal, please contact Summerfruit Australia Ltd via

- Phone: 0417 809 172.
- Email us at: ceo@summerfruit.com.au
- You might also wish to visit our website at: www.summerfruit.com.au.

SUMMERFRUIT AUSTRALIA LTD

CONFIDENTIAL

Your response will be maintained as a confidential document and only a total of votes will be made available at the conclusion of the vote.

VOTING SLIP FOR PROPOSAL TO MODIFY THE STONE FRUIT LEVY AND CHARGE

The ballot paper must be completed by you, the voter, and returned to: jodie@bradbrooklawyers.com.au or post to Suite 112, Level 1, 147 Pirie Street, Adelaide SA 5000

To make your vote count, complete the Ballot Paper and return by close of business, Monday 27th June 2022.

Voter Eligibility

- An eligible voter is the authorised representative of a business entity*:
- engaged in commercial stonefruit production, namely owning or managing a stone fruit orchard, or
 - undertaking commercial sales of fresh stone fruit to a wholesale or retail outlet in the domestic and/or export markets.

Only one vote per business entity is permitted.

*A “business entity” means a company, a partnership, a unit trust, or a sole trader being a natural person, and qualifying for an ABN or ACN.

Voter’s Declaration

I declare that:

I am an eligible voter (as per the description above)

I have voted on the enclosed ballot paper, and

I have not voted before in this ballot.

Please give the name and business address of the entity you represent:

Business (Entity) Name:

Business Address (include postcode):

.....P/C

ABN or ACN:

VOTER MUST SIGN HERE:

Signature:

Name:

Date: ____/____/____

This slip must be completed for your position on the proposal to be valid and counted.

AUSTRALIAN STONE FRUIT LEVY AND CHARGE PROPOSAL

Directions:

Record your vote by writing only “YES” or “NO” in the box provided beneath the proposal set out below.

Next Steps

Please note that this IS A FORMAL INDUSTRY VOTE.

The votes will be collected, collated and reviewed by two independent people including an accountant and a lawyer.

Based on the results a submission will be prepared by Summerfruit Australia Ltd and submitted to the Minister for Agriculture.

The minister makes the decision to agree, or not, to a levy proposal.

That the stone fruit levy and charge remain at 1 cent per kilogram, but:

- the marketing levy/charge be reduced from 0.441 cents per kilogram to 0.0 cents per kilogram
- the R&D levy/charge be increased from 0.539 cents per kilogram to 0.98cents per kilogram
- the Plant Health Australia levy/charge remain at 0.02 cents per kilogram, and
- the Emergency Plant Pest Response levy/charge remain at 0.0 cents per kilogram.

Do you support this proposal?

Write “YES” or “NO” in the box.

Comments:

Please complete the following section

I/we have a farm production of:

Farm Production	Tick the relevant box
Under 5 tonnes	
5 to 10 tonnes	
10 to 50 tonnes	
50 to 100 tonnes	
100 to 250 tonnes	
250 to 500 tonnes	
500 to 1,000 tonnes	
1,000 to 5,000 tonnes	
5,000 to 10,000 tonnes	
Over 10,000 tonnes	

PLEASE RETURN THIS DOCUMENT TO:

INDEPENDENT RETURNING OFFICER

Jodie Bradbrook, Bradbrook Lawyers

Via e-mail: jodie@bradbrooklawyers.com.au

Via mail: Suite 112, Level 1, 147 Pirie Street, Adelaide SA 5000

**BALLOT CLOSES AT CLOSE OF BUSINESS
ON MONDAY 27th JUNE 2022**



OPPORTUNITY FOR AUSTRALIAN STONEFRUIT GROWERS TO HAVE A SAY ON THEIR LEVIES.

Summerfruit Australia Ltd is encouraging ALL Australian Stonefruit (apricot, peach, plum, nectarine) growers/levy payers to have their say on a proposal to amend the split of Summerfruit statutory Levy and Charges.

The proposal is not to increase the levy from the 1 cent per kilogram but to modify the split of the levy between marketing and R&D.

If a majority of levy payers who choose to vote (50% plus one) support the proposal, a submission will be prepared by Summerfruit Australia Ltd and submitted to the Minister for Agriculture.

The ballot closes at 5:00 pm Monday 27th June 2022

If you are a grower/levy payer and have not yet received a levy package and a ballot paper contact:

Trevor Ranford
Chief Executive Officer
Summerfruit Australia Ltd
Mobile: 0417 809 172
E-mail: ceo@summerfruit.com.au