



Patrick Leahy
ABGC President

BANANA growers are being asked to vote on a proposal to introduce a compulsory national levy to fund a range of activities in the areas of research and development, promotion, plant protection and emergency plant pest or disease eradication.

The levy proposal has been developed by the ABGC following recommendations arising from an independent review of the Australian banana industry's structures and funding arrangements.

The proposal is for the establishment of an ad valorem (in proportion to the value) levy of 1.2% of the sale price of all banana varieties at the first point of sale. It is estimated that the levy will raise approximately \$5.7 million annually.

This will allow us to effectively promote our product; help protect our livelihoods from pest and disease and ensure that we can support a level of R&D investment that is commensurate with the size and needs of our industry.

Voting in the ballot **IS NOT** compulsory but if you wish to influence the outcome you should vote.

National Banana Levy Update

November 2005

Produced by your national peak industry body
The Australian Banana Growers' Council



ABGC looks to the future

THE Australian Banana Growers' Council stands by the commitments and comments made at a recent meeting in Yamba attended by growers from the four New South Wales banana growers' associations and BananasNSW.

The successful and productive mid-September meeting was convened by ABGC to enable NSW growers to consider the benefits of the national levy proposal and how it might interact with their state-based compulsory levy arrangements.

While no formal motion was put, growers at the Yamba meeting indicated (by a show of hands) their support for the consensus position summarised by the meeting chairman John Williams, who is a BananasNSW director and regional director of the New South Wales Department of Primary Industries.

The consensus agreement was that NSW growers at the meeting were prepared to support the national levy proposal, on the understanding that it would fund key state and national programs (**see details on page 2**).

ABGC gave a commitment that it would fund the ongoing Banana Bunchy Top control program and a sub tropical Industry Development Officer position in the unlikely event that the Industry Advisory Committee (the body that would make decisions about investing levy funds) did not agree to do so.

ABGC gave a similar commitment to assisting with the communication of policy and program ideas to and from the local banana grower associations in all states

and the IAC, if the IAC did not itself do so.

There was recognition by growers at the Yamba meeting that a national levy would enable the industry to pool its resources to fund marketing (including niche marketing) and promotion activities, research and development, and to resource an exotic disease eradication program if required.

Based on the sentiments expressed at the meeting by NSW growers representing all regions, ABGC is surprised and disappointed that BananasNSW, at a subsequent board meeting, has adopted a parochial stance and appears to prefer that the status quo be maintained.

ABGC believes that the overwhelming majority of NSW banana industry leaders at the Yamba meeting recognised the merit and potential of the national levy to gather a sufficiently large quantity of funds for programs that will be in the long-term best interests of the entire industry, including the sub tropics.

ABGC believes it has consulted widely and professionally on the levy proposal and has selected a model which will best provide a secure and profitable future for all those involved in the Australian banana industry.

It also believes that if the national levy is introduced, NSW growers could expect that their current state levy would be reduced because it would no longer be funding identified national priorities such as the Banana Bunchy Top Program. Any changes to the state levy would presumably be made by the BananasNSW board in consultation with growers and government authorities.

Ballot now set for early November

THE long-awaited national levy ballot is set to open on Monday November 7.

The Australian Electoral Commission, which is running the ballot on behalf of the Australian Banana Growers' Council, will mail out ballot papers to all known commercial banana growers.

These ballot papers must to be completed and lodged with the AEC by 9am on Monday December 5.

This timeframe provides growers with a four-week window of opportunity in which to lodge their vote.

The ballot is the culmination of a seven-month consultation process that aimed to ensure growers in all states had ample opportunity to be involved.

An announcement on the outcome of the vote is expected to be made before the end of December.

Compromise and unity are the keys

IN working towards a national ballot of banana growers on the levy proposal, the ABGC has consulted widely at grower meetings in all growing regions and developed a levy proposal that it believes is fair and equitable and in the best interests of the banana industry as a whole.

However the ABGC also recognises and appreciates the specific concerns of the sub tropical and Lady Finger industries, particularly in NSW where a state levy exists, with respect to funding security of existing programs and services under the proposed national levy.

As it is not possible to predict with absolute certainty where the Industry Advisory Committee (IAC) will decide to invest future national levy funds, the ABGC has provided the sub tropical and Lady Finger industries with an assurance that it will fund the following initiatives, in full, in the unlikely event that the IAC does not.

Communication links

1. Money (\$1500 per annum) will be provided to each Banana Growers Association/Local Producers Association in all states and NT to foster communication of policy and program ideas from the grassroots to the IAC and to distribute information/project results from the IAC back to the grassroots.

2. A fully-funded committee composed of one representative from every BGA/LPA in Australia to meet in person once per year to agree on a short-list of projects for consideration in the development of industry's annual levy investment plan.

3. A fully-funded committee composed of representatives from every Lady Finger production region in Australia to meet in person once per year to agree on a short-list of projects for consideration in the development of the industry's annual levy investment plan.

4. The establishment of an Industry Development Officer position for the sub tropics, based in NSW, the largest sub tropical production region. The position is to be either:

- (i) 100 percent funded by the national levy (or ABGC) and work on only IDO-related issues, or;
- (ii) 75 percent funded by the national levy (or ABGC) and 25 percent by NSW industry, which would enable some agripolitical or other state specific activity to occur.

Plant protection

1. Funding for the Bunchy Top control program is guaranteed for a minimum of three years.

2. Establishment and maintenance of a total of four weather stations for the monitoring and control of leaf disease in the main NSW banana production areas which shall be a part of the IDO's role.

3. A commitment that a minimum of 20 percent of the full-time (ABGC funded) Banana Plant Pathologist position,

which will commence in May next year, will be allocated to Panama disease-related activities.

Banana promotions

The ABGC plans to strongly recommend to the IAC that an appropriate percentage of all promotions levy money collected in NSW and WA be spent on promoting bananas produced in those states.

Operations

The ABGC is determined to ensure that the sub tropical and Lady Finger industries have a say in how levy funds are to be invested by:

1. The guaranteed allocation of one position on the IAC for the sub tropical industry. Others may be appointed through the normal selection process.
2. The guaranteed allocation of one position for a subtropical representative and one position for a Lady Finger representative on each of the IAC sub committees.

At the Yamba meeting of NSW industry groups were top left: Wayne McFie of BananasNSW, Rod Turner from Plant Health Australia and Gary McCudden, BananasNSW President and bottom left: Meeting chairman John Williams and ABGC President Patrick Leahy.



How levy contributions would be invested

DECISIONS on the investment of levy funds in specific projects will be made by the Industry Advisory Committee, based on advice from three subcommittees – marketing and promotion subcommittee, plant protection subcommittee, and research and development subcommittee.

Each of the subcommittees would be made up of banana growers, and this is the place where growers from all states can be involved and ensure their concerns and projects are on the table.

The IAC would comprise six growers, three ABGC board members, and three (who do not need to be ABGC members) appointed by an electoral process, one banana wholesaler and an independent chairman.

The independent chairman would be an appointee that is endorsed by ABGC and Horticulture Australia Limited (HAL), which is the entity that would hold the levy funds and approve projects based on advice from the IAC.

The ABGC firmly believes the national levy is needed to:

- Counteract escalating and well-organised competition from other fresh and processed food;
- Fund promotion across all growing areas;
- Fund industry's share of disease eradication programs;
- Fund banana research and promote its uptake.

Not leaving their future to chance

North Queensland banana growers may have been gambling on race horses at the August Banana Industry Race Day at the Innisfail Turf Club, but none seemed prepared to leave their future to chance.



Mourilyan grower Graheme Celledoni said: "Industry needs a levy and I am in favour of it. There could be a few small flaws in the proposal, such as including the freight component which may disadvantage certain growers, but there really is no alternative."



Tully grower Bob Brighton said: "The national levy has got to happen because without research (funded by levies) where would our industry be?"



Richmond grower Geoff Larsson said: "I think the national levy is the way for the future and I'm disappointed about how much misinformation is coming out about the levy. The national levy would be a big benefit for Lady Finger growers compared with what we have now."

Lismore grower Trevor Black said: "For the good of the whole industry, I think the national levy is a positive thing and a fair number of people in my district are in favour of it."

Secretary of Tweed Brunswick association Geraldine O'Flynn said: I'm not expecting the national levy to be a "quick fix" for the woes of the NSW growers, but I do believe the future of the industry will be much stronger, healthier and more profitable under a national levy.

NSW growers support levy, with assurances



Innisfail grower Catherine Pensini said: "We definitely need the levy. We've been paying the voluntary levy and think it should have been compulsory more than a year ago."



Coffs Harbour grower Wally Gately: I was thinking positively about the national levy after the Yamba meeting. Since then BananasNSW has thrown a few spanners in the works, and I'd like to be sure the Bunchy Top program is going to be funded in the long-term.



Woopen Creek grower Paul Di Carlo: "I'm all for it. We've got to put the past behind us. A compulsory levy is the only way to go because a voluntary levy gives you too many choices."

WA believes in niche marketing



Carnarvon grower Tom Day said: While there are issues to be resolved with the national levy, I believe we should show the government the industry is united in its effort to control its own destiny. I believe each state should be able to access funds for its own particular promotional work with applications made through the IAC and considered on their merits.

National banana levy consultation process

In working towards a national ballot of all banana growers on the levy proposal, ABGC has consulted widely at grower meetings in all growing regions. As well, there have been one-on-one stakeholders meetings with grower groups including: Banana Growers Queensland, BananasNSW, Red Tip growers, Lady Finger growers, and the Hmong community at Innisfail. The ABGC has published a series of levy newsletters and the levy business case and feedback is on the ABGC website www.abgc.org.au. To wrap it all up, there were a series of informative sessions at the recent Sixth Australian Banana Industry Congress in Cairns which presented a compelling case for the national levy. If growers have any questions about the national levy proposal, please get in touch with ABGC representatives:

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Research investment advantages industry

QUARANTINE is Australia's most useful tool in preventing pathogen disasters and this needs to be backed by research funding, according to University of Queensland lecturer and CRC for Tropical Plant Protection researcher Elizabeth Aitken.

Dr Aitken said industry research investment into Black Sigatoka disease of \$200,000 from 1993-2005, had been able to leverage a total of \$1.3 million worth of research effort from other research and government groups.

This research investment in Black Sigatoka diversity and diagnostics directly assisted in the eradication of the disease from the Tully Valley in 2001 and resulted in an accumulated \$17 million saving to the industry because it does not have to cope with this leaf disease.

Dr Aitken also said industry's investment of \$25,000 in funding for fusarium wilt research had leveraged a total of \$573,000 worth of research investment into this soil-borne pathogen that has severely limited the banana industry in the Northern Territory.

Promotion has direct link to profitability

THE mushroom industry has enjoyed unabated growth in consumption for the past 30 years, with the price trending steadily upwards.

Australian Mushroom Growers Association general manager Greg Seymour said this has been achieved through continuous investment in market research and promotions funded by a statutory levy.

The industry has a statutory levy that represents about 0.75 percent of the wholesale selling price, and 75 percent of the revenue raised goes into marketing and promotion.

Since the banana industry reactivated its iconic *Make those Bodies Sing* promotion campaign, the impact of advertising and promotion has become evident.

Australian Banana Promotions Company President Mark Spagnolo said figures show that the voluntary levy of 15c per carton paid by committed growers has been able to generate price increases for bananas of \$4-6 per carton.

"We documented what happened after a two-week television advertising campaign in September last year and can demonstrate that banana prices went up and sales increased by up to 65 percent after that campaign."

Ad valorem 1.2% levy model chosen for good reasons

ALTHOUGH there were a number of different types of levy proposals considered by the Australian Banana Growers' Council Board, it reached a compromise and selected the ad valorem model with the levy set at 1.2 percent of the first point of sale price.

The ad valorem model was chosen because it is directly in proportion to the value of the sale price, so when prices are good and growers' incomes are higher they pay more in levies and visa versa.

The ad valorem model also allows the levy revenue stream to keep pace with the cost of living and it is not necessary to go through a long-winded process to increase its quantum amount.

The proposed ad valorem levy equates to about 1.66c/kg on an \$18 sale price and compares favourably with the 23 other horticulture industries which have levies. For example: apples is 1.5c/kg, avocados 3.8c/kg, lychees 8c/kg, mango 1.75c/kg, nashi 2.5c/kg.

The most common gripe about the ad valorem model is from growers who have high transport costs associated with marketing their fruit and would prefer that the levy excluded freight. ABGC approached the Levy Revenue Services for advice on this and has been told that would be unworkable. But even if the levy could have been set up to exclude freight, it would then need to be 1.4 or 1.5 percent to raise the required revenue.