

# Tea Tree Oil Levy – Yes or No

1<sup>st</sup> March 2016

## Should I vote yes or no?

The Australian tea tree oil (TTO) industry is at a crossroads, facing two major issues. One is biosecurity and the potential impact that future incursions of foreign pests & diseases, similar to the recent Myrtle Rust incursion, could have on our industry. The other is the change in RIRDC's (<http://www.rirdc.gov.au/>) funding model where, from mid-2017, only competitively contested funding can be accessed instead of the arrangement the TTO industry has enjoyed for the past two decades where matched funding was assured through a TTO sub-program.

To have input into the management process for future biosecurity incursions, the industry must be members of Plant Health Australia, have in place an Emergency Plant Pest Response (EPPR) levy and sign an Emergency Plant Pest Response Deed (EPPRD) as well as a Memorandum of Understanding (MoU) with PHA. If the industry does not do this, there will be very little or no support from all levels of Government in any future incursion.

Changes in RIRDC mean that the TTO industry can no longer access matched voluntary contributions as a mechanism for research funding. In the past, this matched funding meant that ATTIA has been able to undertake activities such as the **Tea Tree Breeding Program (TTBP) as well as to manage and obtain minor use permits, develop information about the efficacy & safety of TTO safety and all of the industry development and communication activities** that the industry has enjoyed for the past two decades. Much of this may no longer be possible from mid-2017.

To prevent these looming problems, the Australian TTO industry is proposing to establish an **R&D levy** of up to a maximum of 0.60 c/Kg. **This will be maintained at 0.25c/Kg for the first two years** and thereafter this can only be increased (or decreased) with the agreement of a majority of levy payers in a formal ballot.

In addition to the R&D levy, industry is proposing that the **EPPR levy**, set at 0.00 c/Kg is also established to allow ATTIA to become signatories to an EPPRD as outlined above.

If we continue to underprepare and underinvest in this area not only will we continue to be affected by exotic pest incursions and not have a seat at the decision making table, but we also won't have any capacity to fund critical R&D and extension activities that improve the profitability of the TTO industry.

## The choice is simple:

We can vote 'yes' and agree that we can and should all contribute to the future profitability and sustainability of the TTO industry as well as towards protection from future exotic pest incursions.

Or we can vote 'no' and so lose all R&D capacity and continue to be left behind for future exotic pest incursions which hurt both growers and the industry.

## What happens if I vote 'yes' to these levies?

ATTIA can:

- Join PHA, sign an EPPRD and become active participants when future incursions of exotic pests that directly affect our industry occur.
- Maintain or enhance current levels of communication, extension and representation.
- Raise up to \$250,000 per annum through matched funding for use in ongoing and future RD&E. Some of this can form a long-term strategic reserve for major research projects or emergency responses.
- Fund R&D projects such as chemical permits, adulteration, genetic improvements, breeding efforts, regulatory barriers and agronomic management.
- Continue to campaign against the sale and use of adulterated material masquerading as TTO and so reduce being out competed by inferior 'TTO'.
- Continue to disseminate industry development and communication activities, important industry updates and hold Field Days.

## What happens if I vote 'no' to these levies?

- We will not be able to sign an EPPRD. Future incursions of exotic pests, such as Myrtle Rust, will happen again and the TTO industry will have no representation, not be involved in decision making and no growers will have access to any reimbursement costs in agreed emergency response plans.
- Because of changes to RIRDC there will be no funding for long term R&D projects or research on any critical issues for growers or anyone else in the TTO supply chain.
- The CEO position that organises all industry activities, research and communications may be underfunded from mid-2017.
- The Australian TTO industry will continue to be out competed by the unchecked marketing of inferior adulterated 'TTO' and no further evidence will be provided to manufacturers and regulatory bodies when adulterated TTO is sold with claims that have been paid for by the R&D efforts of the Australian TTO industry over the past three decades.
- The industry may revert to random research with growers volunteering their time for representation.
- Government support (state and federal) will continue to be withdrawn and eventually completely lost.

## How can I vote on the proposed levies?

Every grower in Australia who grew TTO in 2014/2015 is eligible to vote.

There will be two questions – one based on the R&D levy and the second on the EPPRD.

Support for both is needed as they complement one another.

Please read the enclosed **Tea Tree Levy Q&A** to ensure you have a full understanding of the proposal ahead of a formal ballot.

A formal postal ballot will be held between August and September 2016. The vote will be tallied on both a yes/no basis, as well as on a production basis. An independent voting scrutineer will receive and collate the vote and ensure the accuracy of the final result.

## How do I get more information about the proposed levies?

For more information about any aspect of the proposed levies, contact ATTIA's CEO:

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If you want to talk to another TTO grower, feel free to contact any of the Directors of ATTIA Ltd:

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