

Grower reimbursement costs for citrus trees/crops destroyed as part of the eradication program

- Loss of profit from the current crop destroyed and direct costs of the Response Plan incurred by the owner.
- Replacement value of any capital items destroyed as part of the Response Plan.
- Depreciated tree replanting costs.
- Depreciated loss of profit during the non-bearing period of immature trees.
- Value of any stored produce on-farm destroyed as part of the Response Plan.

Without the Response Deed

Governments will not contribute to industry reimbursement if eradication is commenced.

Industry does not contribute or have a say in the management of the eradication program.

With the Response Deed

Government and industry contribute to the cost of incursion eradication, according to a preset formula.

ACG is an active member of the National Management Group that directs the eradication process for citrus pests.

Do you see value in Australian citrus continuing with biosecurity?

If **NOT** then we cannot participate in cost sharing.

- > You accept that there will be no reimbursement or industry involvement with incursion management.

If **YES** then the cost sharing costs need to be generated.

- > You accept that a statutory Biosecurity Levy, initially set at zero, will be established to repay our industry's share of eradication under this agreement.

Please indicate your position to your regional delegates for voting at a special ACG Meeting of Delegates, to be held in September 2005

For further information or queries, contact:

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proposed biosecurity levy

PROTECTION FOR
THE AUSTRALIAN
CITRUS INDUSTRY



PROPOSED BIOSECURITY LEVY

What is biosecurity?

"The protection from risks posed by organisms to each plant industry through actions such as exclusion, eradication and control. Effective industry biosecurity is a shared responsibility involving governments, industry and the general community."

Source: Plant Health Australia (PHA) Biosecurity Planning Guide

Australian citrus industry

The Australian citrus industry is the largest fresh fruit exporting industry, with annual exports valued at \$200 million. Australia has a limited number of native citrus species; citrus orchards are planted with imported material. If a pest or disease outbreak was to occur in Australia it would most likely come from imported plant material.

The bottom line

If an exotic pest or disease were to escape in Australia, the cost to industry in loss of fruit or extra production could be \$millions. Australia's trading position is strengthened by its high health / low pest and disease status. If there is a pest or disease incursion, the Australian citrus industry, especially growers, need to be protected.

Australian Citrus Growers

Australian Citrus Growers (ACG) is the peak citrus industry body. ACG's aim is to promote the common interests and the financial and environmental sustainability of all Australian citrus growers. In 2004, ACG with related agencies developed and launched the National Citrus Industry Biosecurity Plan.

Plant Health Australia

ACG is a founding member of Plant Health Australia (PHA). PHA manages agreed plant health programs on behalf of all its members, to deliver a coordinated and effective national plant health framework for preventing and responding to exotic and other emergency pests.

Emergency Plant Pest Response Deed (EPPRD)

The Emergency Plant Pest Response Deed (EPPRD) clarifies responsibilities and activities if an incursion occurs. The proposed biosecurity levy will become the citrus industry's payment mechanism as part of the EPPRD. The levy will be initially set at zero, to be activated if a major pest or disease incursion greatly affects the industry. To achieve implementation of the biosecurity levy, ACG must gain a majority approval from the Australian citrus industry through a 'yes' vote from ACG member delegates.

ACG has been working with related agencies on the National Citrus Industry Biosecurity Plan and EPPRD since 2002.

The following industries and governments have signed onto the EPPRD:

Grains Council of Australia, Australian Cane Growers Organisation Ltd, Australian Banana Growers' Council, Apple and Pear Australia Ltd, Ricegrowers of Australia, Nursery & Garden Industry Australia, Avocados Australia, Strawberries Australia, Summerfruit Australia Ltd, Growcom, South Australian Government, Victorian Government, Western Australian Government, Australian Government and Tasmanian Government.

Where a plant pest incursion occurs, the response costs are divided according to the number of industries affected.

Some citrus pests, their categories and industry share.

Pest	Category	Industry funding	Funding weight for ACG contribution
Navel Orangeworm	3	50%	23.1%
Oriental Fruit Fly	2	20%	16.7%
Papaya Fruit Fly	2	20%	16.7%
Philippine Fruit Fly	2	20%	16.7%
False Coddling Moth	2	20%	16.7%
Citrus Greening	2	20%	97.1%
Cotton Root Rot/Texas Root Rot	2	20%	11.1%
Rossellinia Root Rot	3	50%	20.0%
Citrus Canker	2	20%	97.1%

Pest categorisation is based on many factors including effects on public health, domestic and international markets, national and regional economies, plant protection, and environment.

Categories are based on 1 highest to 4 lowest levels

Practical example

A new citrus canker outbreak occurs in Western Australia, with an estimated response plan of \$10 million.

Citrus canker is a Category 2 Emergency Pest, costs would equate to:

- Government \$8 million (80%)
- Industry \$2 million (20%)

By applying the weighting and scaling factors in the formula, the industry contribution of \$2 million would be:

- \$1.934 million payable by ACG, \$0.338 per tonne over 10 years
- \$66,000 payable by Nursery and Garden Industry Australia

Industry costs can be repaid to the Australian Government over a period of up to 10 years (interest at annual rate of inflation – NPV).

Examples if hypothetical citrus canker response costs were to increase markedly

Cost of Response	ACG Contribution	Repayments pa (10 years)	Costs / tonne
\$15 million	\$2.90 million	\$329,750	\$0.507
\$18 million	\$3.48 million	\$395,573	\$0.608
\$20 million	\$3.868 million	\$439,677	\$0.676
\$25 million	\$4.835 million	\$549,596	\$0.845

Agreed limit for the response for industry would be \$6.312 million.