

## INVERURIE HOLDINGS PTY LTD

March 16<sup>th</sup> 2002

The Productivity Commission  
Cirrus Growing and processing

John Cosgrove Presiding Commissioner  
Richard Snape Deputy Chairman

Dear Sir

I attended the Productivity Commission review in Renmark on March 15<sup>th</sup>, 2002 and would like to make some comments after listening to the speakers.

Reference: was made by Mr Kent Andrew regarding the Navel marketing problems of the 2000 season, and how many growers have not been paid for their fruit. I would now like to explain my situation. Eighty percent of my crops, which was over 500 tonnes was delivered to one packer after entering a written contract for \$800 tonne net. The fruit was packed as Grade 1 for the USA. All the grower protocols were followed including GA and copper sprays and snail baiting. Throughout the harvest we were informed weekly there were no concerns with our fruit or was there any marketing problems. We were informed of marketing problems in general when we were not paid as per the contract but were informed to wait for another month as they had cash flow problems. This was however after we had harvested our crop. To this date I have received \$180 tonne although growers who did not have a contract and did not seek legal advice have been paid \$300 - \$350 per tonne. The Packing shed was paid insurance money for some of the fruit, which was damaged in transit to the USA, but the packing shed has not passed any of that money on to the growers. The Director of the Packing shed stated it was punishment for getting a lawyer that we have not received any extra money equivalent to other growers. This has placed me in a poor financial situation, as I am owed \$269,000 from this season. I had purchased two citrus blocks in March 2000 consisting of 8 hectares taking total holdings to 29 hectares, in an effort to make the business more viable. To be repaying the loans plus operating costs for an extra year without income has made it extremely difficult. Also on the basis of the contract vine redevelopment was carried out on 3.2 hectares, which has also set me back financially. In previous years I had dealt with the same packing shed with the same contract and they had paid as per the contract, so I had no way of knowing he was not going to honour the contract and force us into financial hardship. I strongly believe that fruit suppliers should have secured creditor status, as it is almost impossible to withstand not being paid for the year's income.

Regarding the production costs my estimates are that irrigation fees are approximately \$1200 hectare per year including the water resources levy and drainage levy and a water supply charge of \$320 hectare, which includes electricity. Harvesting costs per tonne of oranges are approximately \$80.

I have been a citrus grower for over forty years but have been involved in the fruit and vegetable industry for forty-eight years. I spent six years with the Australian Army serving in the Korean War and two years with the Commonwealth Policy based in Woomera. For my whole career I have never been in such a poor financial position as I am currently in due to the Packing shed not paying me for the majority of my crop for a season. I feel there needs to be more investigations by you into the Packing sheds, how they pay the growers, and some security for the growers to supply the packing sheds.

I feel there is a positive future for the citrus industry especially if growers maintain best practice. The marketing of the fruit to the USA by a single importer is a good idea to stop undercutting of the price for top quality fruit by several importers. It is a good idea not to flood the market with lower quality fruit but to keep it for the premium fruit and receive a premium price. Our current packing shed is always looking for new markets and will be trying to make a large impact on China this season as well as supply many other Asian markets and a small quantity to Europe.