



# Citrus Growers of South Australia Inc.

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## RESPONSE TO THE PRODUCTIVITY COMMISSION CITRUS GROWING AND PROCESSING POSITION PAPER

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### Impediments to International Trade

#### Market Access

##### Draft Recommendation 7.2

*The Government should use the opportunity provided by the forthcoming multilateral trade negotiation in the World Trade Organization to seek reductions in overseas trade barriers faced by citrus producers.*

##### Draft Recommendation 7.3

*Biosecurity Australia (BA) should provide a schedule to stakeholders on the status of market access negotiations underway (including their anticipated completion date). This schedule should also include the timing of proposed future negotiations.*

##### Draft Recommendation 7.4

*If market access negotiations which are important for the future of the citrus industry are being delayed due to insufficient resources within Biosecurity Australia, the Government should consider means of augmenting Biosecurity Australia's resources.*

Citrus Growers of South Australia (CGSA) support Draft Recommendations 7.2, 7.3 and 7.4

#### Comments:

The Position Paper has placed too much emphasis on the importance of imports and has not really addressed the issue of export barriers:

- Non-recognition of area freedom
- Other countries receiving farm subsidies (eg US Farm Bill)
- High Tariffs in some export countries
- Strict Phytosanitary constraints by some countries

More government resources are required for Biosecurity Australia to work on issues regarding access to export markets. This should not be funded by way of grower levy as more sectors of the industry and the wider business community would also benefit financially.

## **Export Control**

### **Draft Recommendation 7.6**

*Competitive marketing of citrus products for export should be introduced except in those markets where an independent review can demonstrate, on the basis of clear criteria, that export control powers generate benefits which exceed the costs.*

### **Draft Recommendation 7.7**

*There should be effective monitoring and review of existing export control arrangements to ensure that they remain relevant to prevailing market conditions. To improve the effectiveness of benefit-cost assessments, the Department of Agriculture Fisheries and Forestry – Australia should provide better guidance to Horticulture Australia Limited on the factors to be considered.*

Draft recommendations 7.6 and 7.7 are already in place where export control powers are utilized in some countries.

### **Draft Recommendation 7.8**

*Horticulture Australia Limited should give serious consideration to discontinuing the requirement that citrus exporters use a single importing agent in the United States.*

CGSA strongly opposes Draft Recommendation 7.8

Comments:

Export control powers were not included as part of the scope of the Inquiry and should not have been addressed by the Commission.

Too much emphasis has been placed on one particular submission by an exporter who has little regard to the wider industry's viability or survival.

There is no recognition that the use of export control powers in the US market has been the single most successful exercise for growers, packers and exporters in the southern states.

## **National Competition Policy**

The review of the Citrus Board of SA under the NCP could have some negative affect on the industry. At present the Board under the Act has the power to:

- Collect planting statistics (most accurate of all citrus growing regions)
- Monitor crop estimates (a useful marketing tool)
- Require growers and packers to have food safety/QA systems in place (meeting market demands of traceability)
- Require packers to provide growers with specific packout information
- Collect statutory levies as well as voluntary contributions
- Set minimum marketing standards

CGSA believe these are important aspects of the South Australian industry and should not be lost under the NCP review.

As has been the case in other states the NCP reform has cost grower organisations valuable time and resources which could be better used for the benefit of growers.

### **Government Assistance Packages**

The federal government's CMDG \$9m (reduced to \$8.4m) restructure package which was provided to the citrus industry following the loss of tariffs and sales concessions in the mid 90's was of little benefit to the grower base of the industry.

Although strongly argued by Australian Citrus Growers to the government at the time for growers to receive some direct benefit from the package to restructure, funding was directed mainly to areas such as market access, promotion of 'Australia Fresh', research and development and other projects.

The growing sector was extremely disappointed that a considerable portion of the package was absorbed in administration and projects which had no direct benefit to growers to re-develop and restructure to improve their viability in the marketplace.

### **Reduced State Government Assistance**

Over the past few years direct state government assistance to the citrus industry has reduced basically to nil. The state government had previously provided technical, extension and other support to the industry.

Some of these areas are now being covered by commercial extension and consulting organisations and projects such as the Citrus Industry Development Officer Position and Citigroup Co-ordinator which are funded by the grower organisation (CGSA), Citrus Board of SA and Horticulture Australia.

### **Farmgate Returns – Valencias**

CGSA question figures presented in the 'Australian Citrus Supply Chain Profile' (Dec. 2001) for Valencia returns. From where were these figures sourced?

Growers in South Australia received an average of \$215 per packed tonne and \$125 for juice for the 2000 season – refer CGSA submission Appendice 7.1.(source Primary Industries SA).



# SA CITRUS INDUSTRY DEVELOPMENT PROJECT

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There are three issues I wish to raise for further discussion at the hearing in Renmark, 15<sup>th</sup> March.

1. **Re-Development**

Lengthy payback periods and lack of certainty

*Related to:*

- Uncertainty of varietal acceptance into markets
- Tree age factor
- Competition from other viable horticultural crops offering long term contracts at fixed minimum prices, eg. olives, almonds, wine grapes

2. **Government Assistance Packages**

Lack of actual 'real' assistance given by government packages which have had little impact on 'on-ground change' which directly relates to viability.

- **FARMBIS**

Focuses on business management and the funding of education programs. The Riverland has the lowest uptake of FARMBIS funds of any rural area within South Australia.

- **Riverland Rural Partnership Program**

This program has had various levels of assistance; however the most pertinent was the \$5,000 re-development grant. This was utilized by many growers but \$5,000 doesn't give the desired impetus to make change which creates long term viability.

- **Local Action Planning Groups**

A Natural Heritage Trust (NHT) funded program established to look at natural resource management along the River Murray. Millions of dollars has been spent in the Riverland on 'plans,' administration and grower education.

3. **Land Values**

Land values within the Riverland have not increased at the same rate as other citrus producing areas as has been published in the position paper.

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