

Citrus Reform Association Inc.

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December 3rd 2001

Citrus Industry Inquiry
Productivity Commission
Locked Bag 2
Collins Street East Post Office
Melbourne Vic 8003

Productivity Commission

A response to your issues paper "Citrus Growing and Processing"

The Association supports any effective help to those citrus growers unfortunate to be victims of the unsatisfactory farm gate market place for independent citrus growers. It is believed to be the result of the present regime in the Australian Citrus Industry. The majority of citrus growers are independent and have no direct access to the after farm market place and therefore up to date transparent market intelligence.

Members believe that to progress the industry the first step should be to ensure that the climate is honest and transparent. That the regime that has responsibilities should be in accord with the various sections of the Australian Constitution including the various laws and statutory functions that have some relevance and authority to the Citrus Industry.

One prominent instance in South Australia where confusion over responsibility dealt a cruel blow to some consumers and a processor. Media reports suggest that fruit delivered to a juice processor from a licenced [registered] packer did not meet the required hygiene standards and caused salmonella poisoning. Was this serious threat a victim of the confusion of responsibility. Who blamed whom, the Citrus Board of SA, AQIS, the district Council or the health department.

Another victim is licensing [registration] of packinghouses. The Citrus Board of SA threatens growers with deregistration if they do not comply with certain data collection. Deregistration carries with it a threat that fruit cannot be accepted by a packer. However the majority of packers deny that the Citrus Board of SA has that power. The Commonwealth is dominant for a variety of reasons particularly when most packers export out of the State of South Australia.

Because levies are collected by the Citrus Board of SA on a \$ per tonne of citrus it is believed that all or a part of those levies could be described as a tax and therefore be challenged as offending the Commonwealth Constitution.

Some of these taxes have been used to fund an Agri political organization, the Australian Citrus Grower Federation [now ACG Inc]. This practice is now denied because of the guidelines of the National Competition Policy. However an endeavour to overturn this the Citrus Board of SA intends to pay the State organizations the Citrus Growers of SA allowing the funding to proceed. Does this change the guidelines of the National Competition Policy?

None of these funds have been authorized by individual growers let alone the majority. ACGInc, CGSA and CBSA describe these as voluntary because a few people attended a meeting and they in turn have an ability after one year to withdraw money. No proof that they were growers.

Because of privacy and strict confidentiality laws, neither of these organizations could have in the strictest interpretation any grower identified membership. Then an interpretation could be that the Citrus Board of SA as the only contributor could be the membership or could it be the Minister of Agriculture.

Serious attempts to have the juice industry benchmarked have been continuously denied. The Australian consumers preference for citrus as juice product coupled to its sensitivity to adulteration and misleading labeling should be sufficient to warrant a detailed study. However when coupled to the importance to the independent citrus growers because of the continuing nexus effect on prices for fresh fruit we believe it then becomes an imperative.

The Association believes that the continuous “talking down” of the market when related to imported concentrate should have encouraged benchmarking by competent independent qualified people. This could be a first step allowing an ability to project a possible structure that will satisfy the needs of consumers and grower.

The majority of growers would be independent and therefore have no hands on understanding of the after farm market, costs and prices. However observations of prices paid at retail, terminal market and the much publicized American market suggest that the percentage of those prices paid for the fruit that comes back to the grower remain low by world standard, and remains similar to that described in the 1995 Benchmarking Report.

The associations believes that the low percentage of the market prices paid to independent grower for juice and fresh fruit is the dominant reason for this continual uncertainty. A shift away from current varieties should be carefully analysed as the so-called remedy could be a disaster particularly if tonnage requirements are small.

Members are not concerned about vertical linkages strictly associated with the marketing chain. Provided that each sector particularly the independent grower has some assurance that he does not become strangled.

However vertical linkages of the Agri political is another matter. Particularly as described in the current regime. The only sector not to be adequately represented in the Peak Australian body the Australian Citrus Industry Council is the independent citrus grower. The Association believes as described previously NO individually authorized membership. As linkages progress then the importance of valid representation of the independent growers increase. Protection of the individual such as the Freedom of Association Law increases.

The association believes that until these matters are resolved then the progression of the Citrus Industry will continue to suffer major impediments.

The association also believes that the size of citrus properties should be left to the market, however to allow the market to operate equitably the market intelligence should be open, transparent and be strictly honest. This should encourage individual investment decisions.

However, because after farm processing, market and money chain impacts on consumer as well as farm then the importance of the integrity and transparency of the after farm sector is vital.



John Krix

References:

1. A National Competition Policy Review of the Murray Valley Marketing Act.
2. 1995 Orange Benchmarking Study.
3. Observations on the constitutionality of certain provisions of State Citrus Industry Legislation SA.

Attachments:

Letter from Citrus Growers of SA Inc.

Citrus Board of SA

Freedom of Association News Release

Where is the money?

Extracts from 1995 Australian Orange Industry Benchmarking Study

Submission to FIRSA



CITRUS GROWERS of SOUTH AUSTRALIA Inc.

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November 01

Dear Member

Re: Funding of Australian Citrus Growers Inc.

Australian Citrus Growers (ACG) is the national citrus grower body based in Mildura, of which South Australian growers are members. Both CGSA and the Citrus Board of SA (CBSA) are the state's representative bodies.

CGSA strongly supports the need to have and fund a national peak body for the citrus industry.

In the past the CBSA has paid the state's contribution to ACG on your behalf from it's budget and they have seen the need for a national voice.

The Board has now advised CGSA that under the National Competition Policy they will no longer be able to continue to fund ACG in this manner and that as the state member association, this responsibility is to be passed on to CGSA.

The State Government has received considerable funds from the Federal Government to look at all sectors of trade and competition to ensure that there is equal opportunity to trade competitively. This has impacted on a number of the Board's roles including the contribution to ACG.

At our recent Annual General Meeting it was resolved that we pursue the issue of funding ACG and accordingly, CGSA now wish to consult on a wider basis with our grower members in respect to raising this contribution.

We invite you to attend a meeting on December 4th at Waikerie or Berri to discuss the most fair and affective method of funding the national peak body.

Our preferred option is for CGSA to collect the contribution via CBSA.

We look forward to addressing this issue at the meetings and advise that representatives will be in attendance from ACG, CGSA and CBSA.

Yours sincerely

Anne Stepien
Manager.

Enc: ACG Snapshot
Letter from CBSA

The Citrus Board of South Australia



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SA FUNDING PLAN FOR AUSTRALIAN CITRUS GROWERS INC

When the Citrus Organization Committee (COC) (forerunner to the Citrus Board of South Australia (CBSA)) was formed and the Citrus Industry Act 1965 enacted growers wanted a system to fund SA growers share of the Australian Citrus Growers Federation (ACGF) and also an orderly marketing system. Rather than having individual membership for each grower, ACGF was set up with direct membership for grower bodies like CGSA and associate membership for bodies like the CBSA.

The CBSA has never purported to pay a membership subscription to ACG on behalf of growers, but instead has contributed to the cost of running ACG simply on the basis that a stronger grower body is necessary in order to maintain an orderly market for citrus. The CBSA has also made contributions based on production rather than grower numbers.

The CBSA has been made aware that under the National Competition Policy (NCP) guidelines it is no longer appropriate that a statutory authority such as the CBSA contributes to ACG Inc under current arrangements and has recommended that representation of ACG should be solely vested in CGSA.

It is also important to note that under the new ACG constitution adopted this year, associate members including statutory organizations such as the CBSA no longer have any direct representation via voting members.

Over the past season the CBSA, CGSA and ACG have been discussing appropriate and fair arrangements to allow for the continued funding of ACG. The Board has in place a mechanism for collecting contributions to CGSA in a voluntary arrangement and CGSA have indicated that this is the preferred mechanism for funding ACG.

It is envisaged that the proposed new arrangements for funding ACG will not only allow growers to pursue their interest more directly but continue to underpin national activities which would otherwise be considered inappropriate for statutory bodies to be involved in under NCP.

Andrew Green
Executive Officer
Citrus Board of South Australia

19th November 2001

freedom



Your choice whether or not to join a union or association

THE WORKPLACE RELATIONS ACT 1996 GUARANTEES EVERYONE FREEDOM OF ASSOCIATION - THAT IS, THE CHOICE TO BE, OR NOT TO BE, IN A UNION OR EMPLOYER ASSOCIATION.

THE ACT PROTECTS EMPLOYEES, INDEPENDENT CONTRACTORS AND EMPLOYERS AGAINST DISCRIMINATION AND VICTIMISATION BECAUSE THEY HAVE OR HAVE NOT JOINED A UNION OR EMPLOYER ASSOCIATION. IT ALSO MAKES INVALID ANY AGREEMENTS REQUIRING COMPULSORY UNIONISM OR A "CLOSED SHOP" OR "NO TICKET - NO START" POLICY AT A WORKPLACE.

What the Act does for you

The Act prohibits employers and unions from engaging in particular types of conduct.

Employers

An employer must not (and must not threaten to) dismiss, refuse to employ or engage, or offer less favourable conditions to, an employee or independent contractor because they:

- are, or are not, a member of a union; or
- propose, or do not propose, to become a member of a union; or
- are, or have been, or propose to become, an officer or delegate of a union; or
- have participated in lawful union activities; or
- if they are an independent contractor, have not paid a fee to a union, or have employees who are not, or do not propose to become, members of a union.

Unions

An officer or a member of a union must not attempt either through pressure of any sort or through actions such as bans, limitations, and restrictions on the performance of work:

- to influence an employer to take action against an employee or independent contractor because the employee or contractor is not a member of union; or
- to force an independent contractor to join a union.

How does the Act protect you?

The Act has set up the Office of the Employment Advocate to:

- give advice and help to employees, independent contractors, employers and unions on matters that affect a person's right to freedom of association; and
- investigate breaches of the Act and complaints by individuals that they have been discriminated against or victimised because they exercised their freedom to join, or not join, a union or employer association.

The Act makes it unlawful for any person to obstruct, to knowingly provide false and misleading information to, or to withhold documents from, the Employment Advocate or an authorised officer investigating a breach or complaint.

The Employment Advocate may:

- take a breach of the Act to the Federal Court; or
- provide a free legal representation to a person in court proceedings if the Employment Advocate

“Where Is The Money?”

The Citrus Reform Association has referred to this 4 Million Dollars taxed from growers fruits by Statutory Boards over Australia.

But what about the 9 Million Dollars that the Federal Government handed over to the Citrus Market Development Group?

What has happened to all of this money?

There is the American market but that was already developing, and there is South Eastern Asia and that was also previously developed.

Of course a few hundred cases have gone to India and some other markets but growers don't know for what price.

Imports of juice however is soaring ^{547,000} 440,000 tonne equivalent for ¹² 9 months or 11,282 tonnes equivalent per week with landed import prices currently firm.

Or in clearly understandable terms - ^{46 1/2} Four-Hundred And Fifty Truck Loads per week each of 25 tonnes.

What on earth is happening to the Citrus Industry? More importantly, all of the money?

Information

Both of the process from farm to market and relevant, timely market information.

In response to the threats to our existing market share and the proposed goals, the Australian orange industry has major opportunities by:

1. developing consistent, quality supply so as to build strong trading relationships with selected customers in key markets and developing appropriate industry support infrastructures in a cost effective manner to provide:
 - the opening and development of export markets
 - timely, accurate market information
 - on-farm cost and yield information for effective planning and operation
 - on-farm Best Practice "Responsible Farm Management" advice in pesticide usage and in water and power management
 - market driven and focused research and development
 - economies of scale in the purchase of transport, shipping and packaging
 - the provision of appropriate product promotion
 - recommendations on the most economically viable product mix for processing, domestic fresh and defined export markets;
2. reducing costs through the adoption of new techniques and minimising the "take outs" of some members of the value chain;
3. shifting the control of the industry back into the hands of the growers;
4. development of agreed quality standards throughout the industry without government and regulatory imposition.

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In Australia, levies ranging by location from \$5.60 to \$9.00 per tonne, contribute to packhouse costs. There is considerable variation in material purchasing costs between packhouses in Australia as well as methodology for depreciation and management practices. In South Africa top quality packhouses have very sophisticated cost and information systems which allow accurate appraisal of costs for each type of product handled. This results in elimination of cross subsidisation of products and pricing management which reflects the true cost.

Australian packhouses appear to have different philosophies, management missions and accounting practices, depending on whether they are privately or corporately owned, or operated as a co-operative. This compares with the South African experience where all packhouses, regardless of ownership, all come under the Outspan corporate mission which is to maximise the return to growers.

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Australian Orange Industry Benchmark Study 1995

2.3.5 Net Return to Growers

For the purpose of this analysis the term "Return to Packhouse" refers to the actual price the packhouse receives after the deduction of exporters' margin; the "Total Grower Return" refers to the amount paid to the grower by the packhouse; and "Net Return to Grower" refers to the return to grower after deduction of direct growing and harvesting costs. The analysis of the returns to the industry in the Best, Average and Below Average Practice scenarios are detailed below in Tables 2.3.5 - T1a, T1b and T1c.

This analysis is based on an average Singapore wholesale price of \$1.20 per kg for Navels and \$1.10 for Valencias.

Table 2.3.5 - T1a Industry Returns Best Practice (cents per kg)

	Australia		USA		South Africa	
	Navel	Valencia	Navel	Valencia	Navel	Valencia
Return to Packhouse	70.5¢	60.6¢	77.3¢	65.6¢	88.3¢	84.4¢
Total Grower Return	47.1¢	35.3¢	53.9¢	42.3¢	67.7¢	63.7¢
Net Return to Grower	33.8¢	24.1¢	38.1¢	29.9¢	60.3¢	55.1¢

Table 2.3.5 - T1b Industry Returns - Average Practice (cents per kg)

	Australia		USA		South Africa	
	Navel	Valencia	Navel	Valencia	Navel	Valencia
Return to Packhouse	61.5¢	52.5¢	69.9¢	59.2¢	80.3¢	76.7¢
Total Grower Return	30.2¢	22.4¢	46.1¢	35.5¢	59.0¢	55.3¢
Net Return to Grower	16.9¢	11.2¢	30.3¢	23.1¢	51.6¢	46.7¢

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1995 Aust. Orange Production Study

Table 2.3.5 - T1c Industry Returns - Below Average Practice

	Australia		USA		South Africa	
	Navel	Valencia	Navel	Valencia	Navel	Valencia
Return to Packhouse	52.5¢	44.4¢	62.5¢	52.9¢	72.3¢	69.0¢
Total Grower Return	14.0¢	6.7¢	38.3¢	28.8¢	50.6¢	47.4¢
Net Return to Grower	0.7¢	-4.5¢	22.4¢	16.4¢	43.3¢	38.7¢

3.1.2 Industry Relationships

Page 61.

The following boards and committees are involved in the management and development of the Australian Citrus Industry.

Australian Citrus Growers Federation	Citrus Market Development Group
QLD F & V G Citrus Sectional Group Committee	Central Coast Citrus Growers Organisation
Leeton Citrus Growers Association	Griffith and District Citrus Growers Association
Narromine Citrus Growers Association	Sunraysia Districts Citrus Co-Operative Society
Mid-Murray Citrus Growers Incorporated	Citrus Growers of South Australia Inc
WA Citrus Council	Northern Territory Citrus Growers Association
National Farmers' Federation	National Domestic Promotion Planning Group (DPPG)
Horticultural Research and Development Corporation	National Citrus Research Liaison Committee (NCRLC)
Riverina Citrus Marketing	The Murray Valley Citrus Marketing Board
Citrus Board of South Australia	Australian Citrus Industry Council (ACIC)
National Citrus Packers Association (NCPA)	Australian Citrus Processors Association (ACPA)
Australian Fruit Juice Association (AFJA)	International Society of Development Citriculture (IDS)
Food Policy Alliance	National Citigroups Co-ordinator
Australian Horticultural Corporation, including the following:	
Horticultural Industry Market Access Committee (MAC)	
Orange Export Marketing Forum (OEMF)	

The majority of these associations have voluntary membership and are dedicated to achieving results for their specific areas of interest. Whilst some groups are attempting to take a broad industry view; their task is hindered by the fragmentation of interest groups which are focused only on their own goals. The opportunity for a single focus approach to be adopted by the industry is constrained.

The mission proposed by the CBSA is commendable. In their five year plan the CBSA state:

...the Industry Mission should be to provide sound financial returns to producers and others in the supply chain, by producing citrus fruits and citrus products to meet market requirements in Australia and overseas.

Australian Orange Industry & Benchmarking Study 1995

2.3.2 Packhouse Costs

The variations identified in Best, Average and Below Average total packhouse costs per kilogram for Navel oranges are set out below in Table 2.3.2 - T1.

Table 2.3.2 - T1 Packhouse Costs per kg for Navel Oranges

Country	Best Practice	Average Practice	Below Average Practice
Australia	20.6¢	26.4¢	31.5¢
USA	21.8¢	21.8¢ ¹	No data available
South Africa	17.6¢	18.3¢	18.6¢

¹ USA sources indicated that 21.8 cents was an industry standard cost for an efficiently operated packhouse in America.

As noted above, Average Practice figures most accurately represent the current Australian reality, whereas both USA and Africa have considerably less variance in packhouse costs. The comparison of Average Practice figures reveal a 4.6 cents per kg disadvantage against USA and 8.1 cents per kg when compared with South Africa.

Carton costs and generally packaging material costs are similar in all three countries even though carton type varies. Labour costs in Australia vary from 7 cents per kg at Best Practice, to 11.1 cents per kg Average Practice, with the highest labour cost identified at 15 cents per kg. South African costs average at approximately 2 cents per kg for labour, despite the fact that there is less mechanisation and a heavy reliance on labour for grading, selecting and packing. This results from cheap labour being freely available. A further cost saving is achieved through lower capital expenditure and equipment maintenance and running costs. American labour costs are estimated to be between 3 and 5 cents a kg as US packhouses are highly mechanised.

At Average Practice, approximately 42% of Australian packhouse costs relate to labour, compared with 11% in South Africa and an estimated 19 to 20% in USA. The performance of the Best Practice packhouse in Australia, with a labour component of 7 cents per kg, provides tangible evidence that labour costs can be reduced to around 34% of packhouse costs.

In the USA and in some large South African packhouses, continuous employment is offered as a result of year round packing of a range of fruits. Specially designed process flows have been implemented to facilitate this.

October 24th 2000

John Cornish
Manager Industry Development
PIRSA
GPO Box 1671,
Adelaide SA 5001

Has 35 years of statutory intervention achieved any real improvement in the citrus industry, for either the consumer or the grower?

Has the considerable cost to growers achieved other than a stagnant, industry?

Tree pulls, extremely difficult real estate market and projections for production is flat to year 2010. Has the monopolistic nature of the boards use of power embracing the agri-political been of benefit or of high cost to the community? e.g. the grower the consumer, the juice industry including its infrastructure.

Retail prices in Adelaide as in Australia for citrus generally are high but fruit is of lower grade, e.g. skin marks greater than 10%, not very fresh, red scale, sooty mould. Prices can be as high as \$3.00 per Kg even for grapefruit and \$1.00 per Kg for fruit in string bags. This is \$1,000.00 to \$3,000.00 per tonne. Year 2000 prices to growers are as low as \$80.00 per tonne for lemons, grapefruit and oranges.

A recent presentation to SAFF Horticulture by Rob Esvelt of Food for the future estimated that farm gate prices for citrus to be \$91,000.000 and the tonnage produced in SA to be 200,000 which is \$450.00 per tonne to growers gate. If growers received this price on average there would be minimal tree pulls and citrus real estate would be flourishing.

It is accepted that this information could be the best informed well sourced and therefore could justify prices that should have flowed onto growers particularly in a free and competitive market.

Noting that for every \$ ~~10~~.00 per tonne negativity from the market the independent growers could lose up to \$2,000,000.00 per annum.

Negative Returns to Growers

The following is an endeavour to highlight reasons why negativity in returns can occur and appear to support the above.

Independent citrus growers are growers who are not involved in packing or processing either as a licence or an executive of a company or Citrus Board of SA Citrus Growers of SA or Australian Citrus Growers Inc., or Riversun. They are also payer of the statutory levies imposed by the board [and Federal Corporation] and therefore investors of the system that expect a return on funds.

These levies [including Federal] total over \$4,000,000.00 per annum Australia wide including over \$1,000,000.00 from South Australian growers. The Citrus Board of SA is not a stand alone statutory entity in Australia as it is a significant part of the governance of the citrus industry.

The SA Levies fund the Board and the Board funds the South Australian commitment to that governance [1] the Australian Citrus Growers Inc. entirely at its discretion and is a member of it and [2] and by a special levy funds the South Australian Committee called the Citrus Growers of SA by a "Voluntary Levy." [sic].

1995
ORANGE
REVISED
REPORT

Therefore the CBSA is a partner in the development of a formula that is used by the CBSA and its funded committees CGSA and the ACG inc. to help justify low prices paid to growers for juice fruit. This well used formula cannot be accurate as the Citrus Board or its funded committees are not juice processors.

However Australian Citrus Growers Inc. [which is funded by and is represented by the CBSA] is a member of the Aust. Citrus Industry Council.

This ACIC membership includes Associations representing packers, processors and juice convertors.

A formula with a negative impact on Growers raises serious questions on which sector would benefit particularly when the CBSA has a substantial degree of power in the market by the fact that the nature of the market is controlled by a licence system.

It is recognised that a nexus exists between juice price and fresh fruit prices paid to growers. Then for every negative in the juice price of \$10.00 per tonne could have a total negative effect on South Aust: growers of \$2,000,000.00 per annum.

Processing costs used in this formula is the most contentious, stating costs up to \$115.00 per tonne in Australia whereas [AACM Page 26] Brazilian costs are \$30.00 to \$40.00 per tonne. As the machinery used is the same, leased and patented as in Australia and are automatic needing almost nil labour then these differences are hard to recognise. So using \$100.00 Australian - \$40.00 Brazil = \$60 lower costs. Then this could be \$60 improvement in prices per tonne for oranges.

Att/ner

(1)

Or using \$100 - \$47 Contracted prices = \$53 less costs, then this could be \$53.00 improvement in prices per tonne for oranges.

or \$53 / tonne for every 100,000 tons = \$5,300,000 improvement in Price.

The American Market

This market consumes around 4% of the total Australian crop in year 2000.

Again this exercise is relative to the INDEPENDANT Citrus growers and not the privileged few. DNE is the sole importer to the US of A. A monopoly. Riversun is the exporter to DNE and in South Australia is supported by the board, its funded committees and the licenced packers. A Monopoly.

Information believed to be accurate is quite clear that prices received from DNE in past years with all costs including packing deducted have been outstanding to the privileged few ranging from \$1500.00 to \$2100.00 per tonne for oranges to USA. Independant growers believe that prices paid could be at least \$600.00 per tonne lower up to and including year 1999.

Att/ner

(2)

Statements by packers defending their inability to meet scheduled payments suggest wide spread quality problems in the season 2000. Information received suggest that the main problem is associated with Quality Control problems in the pack house.

Present arrangements guarantee all packing house costs but not grower returns. So if these monopolistic arrangements continue and Independant growers supplies receive no official or audited market reports then how can these problems be addressed and remedied ensuring continuing support by growers.

Citrus growers with adequate market intelligence and a pro-competitive environment could improve negotiated price by \$600.00 per tonne for the American Market.

The Juice Industry

The consumer preference in Australia requires in excess of 550,000 tonnes per annum. To meet this demand imports have steadily increased and in year 1998 - 99 reached 602,000 tonne equivalent in fresh fruit. AH-
(3)

Various sectors of the industry claim that sales equivalent of over 250,000 tonne is for fresh juice. These figures raise serious questions of where does this fresh juice come from and what is all this imported juice used for.

Included in these questions are quality, including what is in this juice, the real price of it and therefore are satisfactory and independent testing facilities in operation as in other countries of the world. Given that liquids are easy to adulterate with variations from regulations. Further questions need to be answered whether imports are also mechanisms for competition strategies and e.g. purchasing fruit for \$30 per tonne against import prices of \$200 per tonne can not only damage grower returns but have longer term repercussions relative to Industry infrastructures and regional impacts.

As previously stated for every \$10.00 negatively cost to growers \$2,000,000.00 per annum.

As production of oranges fall and less availability reduces processing capacity reduces region infrastructure and employment.

Registration and Misuse of Power by the Board

Section 25 [2] [3] indicates the responsibility of the board to register growers upon application.

Section 19 [1] [2] [a] [b] describes the responsibilities of the grower to answer requests and describes that offence only and the penalty.

In 1997 I believe Krix replied to the boards' request for statistics giving a reasoned and legitimate excuse. It could under the act be described as an offence only and therefore legal action would decide the outcome. AH-
(4)

Krix has always traded openly and paid all of the dues without any question therefore the CBSA would have known that Krix has always been a grower since the Board was formed and has continued to be a grower and a registered grower. In 1999 the CBSA confirmed from a minute in 1997 that legal action only would progress.

Letters to CGSA, the CBSA's funded "grower representative organisation" have refused to answer queries of why information and meeting notices have not been received. AH-
(5)

This year 2000 in July, Simpson Brothers refused to honour a contract claiming a directive from CBSA that as Krix was not a registered grower then his licence was at risk.

Krix now believes that all packers have been notified since 1997 that Krix was not registered.

Losses to Krix are quite substantial as this fruit was delivered elsewhere and it could be argued that Krix's reduced status has impacted and allowed substantially lower prices to be paid. This could be a reason for low fruit prices since 1977.

If this bullying practice by the board is widespread then lower prices impacts could be another influence on grower unrest.


John Krix

Citrus Board News

Dec: 1997



Board meets

The board met in Adelaide on December 16 and considered a number of issues including suggestions that the industry's "national juice formula" is wrong.

There will always be variations in the quality of fruit as all growers realise but the accepted standard is as follows:

- * One tonne of Frozen Concentrated Orange Juice (FCOJ) = 660 kgs total soluble solids (TSS)

- * 1kg of total solids (TSS) = 9.63 single strength litres (SSL) of orange juice

- * One tonne of FCOJ = 6356 SSL

- * One tonne of fresh oranges yields, on average, 500 SSL.

Therefore one tonne of FCOJ is equal to 12.712 tonnes for fresh oranges (6356 divided by 500 tonnes of fresh oranges).

Dividing 12.172 tonnes by 660 (the number of kilograms of solids in each tonne of

FCOJ) gives you the "standard yield" of 52kg of TSS in each tonne of fresh oranges. (Actual yields can vary from below 45 to over 60kgs TSS per tonne).

US \$950 converted @67c to \$A = \$A1418; plus tariff, freight and wharfage = 467; landed cost of 1 tonne FCOJ \$A1885.

Growers complain

A number of growers have complained about negative media comments reported recently.

The board wishes to assure all growers they are well aware of the current hardship being experienced by all sections of the industry.

Last Saturday's *Advertiser* chose to print only a few words from a lengthy press release and a half hour conversation. The resulting article did not reflect the board's understanding of the current position or its response.

25% 'Australian' content

How much was it worth to growers?

From January 1, 1995, the concessional rate of sales tax, (11%

instead of 21%) applied to juice products which contained not less than 25% juice of Australian origin, was extended to all juice products irrespective of origin. That removed in one fell swoop the incentive to use Australian juice/Australian fruit.

The 'orange drink' market, as distinct from the fruit juice drink and 100% juice market, last year accounted for over 150 million litres. That equates to 37.5 million litres of juice (25% of 150 million). At 500 litres of juice to a tonne of fresh oranges, that represents 75,000 tonnes of oranges. If the world price of FCOJ was equivalent to A\$140 or more there would not be a problem, but at the current price the loss of the incentive created by the Australian content rule appears to have cost growers at least \$8.25 million.

Senators visit

Senator Judith

Troeth, Parliamentary Secretary to the Federal Minister for Primary Industries and chair of the Citrus Market Development Group, visited the Riverland on Monday, December 15 accompanied by Neil Andrew MHR, Member for Wakefield. Senator Troeth met growers, packers and processors to hear first hand of the problems facing the industry.

Promotion of valencias

A campaign for SA and Western Australia to promote valencias has been approved by the board. A 30 second radio commercial and colourful point of sale poster will encourage consumers to squeeze their own juice. A recipe leaflet for children will also be available.

Christmas

The board's office will be closed on December 25, 26 and January 1 and 2. The next issue of the Citrus

Issued by the Bureau of Meteorology, 6.30pm, Wednesday, December



4 Day Forecasts

Farmwatch

A weekly column prepared by the Citrus Board of SA and Murray Valley Citrus Marketing Board.

Diary Dates

Board News will be issued on January 7, 1988. Board members and staff wish everyone a Merry Christmas.

April 5-8 1998 ACG conference, Melbourne
August 28-30, 1998 AHC/AUF conference Sydney

FOR QUALITY CITRUS, STONEFRUIT TREES & VINES

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Trees & Vines in Stock for 1997

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~~11~~ (2)

Sea Trough. 5.36.
24-53

	6-40	6-40	6-40	6-40	6-40
Packing And.	6.40	6.40	6.40	6.40	6.40
Pallet Corner.	0.33	.33	.33	.33	.39
Log Freight.	0.31	.31	.31	.31	.31
Groceries	0.53	.55	.55	.55	.55
Riverundry.	0.25	.25	.25	.25	.25
Temp. Recorder					
Charter Liability					
Wharf Receiving					
+ Wharfage	0.18	.15	.13	0.15	
	<u>8.00</u>	<u>7.99</u>	<u>7.97</u>	<u>7.99</u>	<u>7.84</u>

Plus Par Deduction.

3.74	3.78	45.4.42
6.02	6.09	62° 7.36

6.03 6.09

5. Antibiotic

$$62.5 \times - 21.28$$

20-14

308

25

24

AA.
3

9. JUICE IMPORTS - EQUIVALENT FRESH FRUIT TONNAGES

	12 MONTHS TO 30/6/99	12 MONTHS TO 30/6/98	12 MONTHS TO 30/6/97
Orange	547,684	338,868	277,111
Lemon	42,274	25,311	35,079
Grapefruit	12,867	8,778	3,854

NOTES:

1. * - Less than 500kg/\$A500
2. 0 - Nil duty
3. Others - Aggregate of imports from origin countries individually less than 1,000kg
4. Graph attached
5. Source - Australian Bureau of Statistics

Judith Damiani
RESEARCH OFFICER

Ben, Bill & Rudi

More even than expected

602 825 tonnes = 11 592.7 Tonnes per week.

52 (600 540) = 463.7 Loads x 25 tonnes per week