

6 December 2001

The Citrus Industry Inquiry  
Productivity Commission  
Locked Bag 2  
Collins Street East Post Office  
Melbourne VIC 3003

Dear Commissioner,

Once upon a time we had an industry called the Citrus industry. As my story goes, this industry would and could sustain a lot of people, take my case:

I purchased my property in the year of 1973, which I brought in partnership with my parents. It was 32 acres in size with most of it planted with citrus. This property sustained three families till about ten years ago. Throughout this time, the property has seen many developments, including the addition of more citrus trees in the previously vacant sections; the removal of whole sections of trees to make room for new, more efficient, consumer-oriented citrus varieties; changes in water management practices and so on. Now, we have built an infrastructure that could see my property better managed then ever before as we can squeeze every cent out of the orchard and follow market trends.

Sadly though, this same farm above cannot even support my single family. This size property is now classified as a hobby farm and if I didn't have the means to subsidise the orchard, I would go broke and would be forced to sell my property. From the 1970's, prices of farm services and supplies have gone through the roof, I won't specify the details as I suspect that many other orchardists would have written to you about it.

I've watched the citrus prices go up very slowly only to collapse on the spot. On today's World market, all that we ask is that we receive at least the cost of production and 10%-15% for capital investment. We must not be compared to under-developed countries with the W.T.O.

I have received up to \$80.00 per tonne for my Valencia oranges this year and when weighed against some of the costs such as the cost of harvest (\$65.00 p/tonne), delivery charges (\$10.00 p/tonne) and levies (\$5.00+ p/tonne), you could then surely see that this industry is in great trouble.

In the 1980's the commonwealth government told the farmer to get more efficient and produce more, we, as an industry achieved this with a lot of hard work. We produced more for less money, consequentially placing us in deeper debt. A few years later, the government consultants came back and told us it wasn't enough to get efficient, we also had to get bigger or sell out but no-one had the finances to expand, before we could get bigger, we had to wait for some-one to bankrupt before we could afford to buy their property.

And under the above conditions, why would you buy work for no returns?

I apologise for my erratic letter writing. I remember when the citrus industry was covered by the F.I.S.C.C., which gave an indicated minimum price for citrus that juice factories had to abide by. The last price that the F.I.S.C.C. committee recommended before it was abolished was \$215.00 per tonne. With this committee, price increases were on average \$7.00 to \$10.00 per tonne per year.

With the introduction of the dollar in 1966, our sole return of whole-sale markets was cut by half due to the fact, if a wholesaler was asked to pay pre 1966 5 Pounds per carton, after 1966 to receive the same value they would ask for \$10.00, this was seen to be a very high price. This was our first down turn in regards to exports.

I strongly believe that this country has a view to accept free trade on imports and restrictions on export. We have our own government supporting on one hand free trade and they to export to the USA. The government has legislated that I cannot supply any other importer other than DNE World fruit Florida, and if I go outside those guidelines, it is a criminal offence. America does not impose tariffs on citrus, but they use alternative means, for instance, up until the 31<sup>st</sup> of August, there is no restriction into the USA, but 1<sup>st</sup> of September they impose ½% decay per shipment tolerance for our fruit to enter the USA. Isn't this the same as having tariffs and/or restrictions on date of arrival to protect their citrus industry?

Can I go back to the year when prices for citrus were \$20.00 to \$40.00 per tonne for juice factory, a group of farmers in Griffith headed by Mr Grant Hearn tried to export concentrate juice to Brazil and found that Brazil, apart from laughing at them, imposed a 43% tariff or there about. And our government gives Brazil an incentive to export to Australia. Why doesn't Brazil ask for more money for their frozen concentrate that comes to Australia, while there is no competition?

If our government wants to do something for our citrus industry, the first thing they should do is that any frozen citrus juice entering Australia should be at cost of production in Australia. We do not need nor want a hand out. We want a permanent fix from our government or there will be no citrus industry in Australia.

All growers were told to plant Valencia's by the government advisers, now the same advisors say to plant Navels. If we all plant Navels and over supply our markets and juice companies refuse or pay a low price as \$40.00-\$50.00 per tonne for the cull. Remember their will always be a juicing industry because there is not enough growers that can achieve 100% pack-out. We need a juicing industry, but while this industry has to compete with cheap imports, it will be the next industry to go.

I was at a meeting in Sydney last week with the secretary of the fruit juice association. We took approx 14 different juice brands, which stated 100% Australian juice, but when looking at the contents, it was either made from Australian or imported concentrate. Labeling laws need to be addressed immediately but our government. The consumer sees 100% juice label and believes that it is 100% Australian juice. In the past, any juice company who used a minimum of 25% fresh Australian juice were entitled to tax benefits, I would like to see this scheme re-introduced and set the minimum to at least 30% Australian content. This would automatically stabilise the citrus industry while still allowing for imports without use of tariffs.

In closing, it is hard to understand that we have a commodity in which Australia is not self sufficient and we need to import in excess of approx 24.000 tonne of concentrate which is equivalent to 300.000 tonne of fresh citrus, but the citrus industry is removing Valencia trees because there is no income generated by them. It is cheaper to remove the trees then to maintain them.

Respectfully yours,

Domenic Mancini