



**25-53 BANNA AVENUE, GRIFFITH, NEW SOUTH WALES, AUSTRALIA**

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18 March 2002

**Mr John Salerian  
Assistant Commissioner  
Productivity Commission  
LB2 Collins Street  
EAST MELBOURNE VIC 3000**

Dear Sir,

**RE: CITRUS INQUIRY**

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This is a brief submission as my company is currently devoting all energy toward preparing for the 2002 navel orange packing and marketing season which starts in May.

We, Golden Circle have recently acquired Excello Co Ltd which has been operating in the citrus industry since 1921. From this point, the company will be referred to as Golden Circle Limited, Griffith (GCG).

In the 2002/2003 financial year we expect to handle around 40,000 tonnes of citrus (approximately 30,000 tonnes of valencias and 10,000 tonnes of navel oranges).

We would ask when you consider submissions and viewpoints, that you understand the significance and size of operations pertaining to interested parties as there is general concern that minority interests might be being heard and not key stakeholders.

GCG has in the order of 100-200 regular growers supplying our business. We pack and market their fresh citrus and process a percentage of product into juice products, both fresh and concentrate.

GCG has recently purchased a state of the art fresh citrus packing facility near Griffith and a new juice processing facility will be developed on this same site over the next 12-18 months.

The commission appears to be formulating strong views on USA marketing arrangements and it is on this part that the remainder of the submission is focused.



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GCG (formerly Excello) has been a supplier to the Riversun program into the USA for 5 years. This program is unusual because of the following facts:-

- Under export licensing arrangements, the USA company DNE is the appointed single desk marketer in the USA.
- **Any Australian** exporter can ship to the USA through DNE.
- In a normal year, the USA returns two to three times the \$ per packed tonne to growers compared to any other market.
- It is the USA consumer who is paying for well priced product in the USA market with Australian growers, packers and exporters who are benefiting from this arrangement.
- The Riversun program is seen widely with the horticulture sector in Australia as a model of how an export business should be co-ordinated and managed in order to maximise returns to Australian stakeholders (particularly in Government circles).
- The flow-on effects of the quality programs put in place under Riversun/DNE joint managements have benefited our business in a number of other markets.
- The USA is often criticised as being a 'consignment' market
  - It is our view that this is a 'red herring' in a true commercial sense.
  - The fact is that presuming that the quality of the fruit on arrival meets the importers specifications, then excellent prices have been consistently realised with no incidences of bad debt or questionable ethics.
  - The above is not the case in other major markets for Australian products where supposed 'fixed price selling' more often than not, is not realised.

Persons who criticise the USA/DNE arrangement have a right to do so but an important factor is that there is nothing to stop them being a part of what is, a very successful marketing program. Generally those criticising are marketing based, city exporters, who perceive that they are missing out on their agents commission.

This company is a major stakeholder in the Riverina citrus industry as evidenced by the volumes that we will handle in the 2002/2003 financial year.

We strongly support current arrangements for the marketing of citrus fruit into the USA market.



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We operate in a different fashion when we sell to markets such as New Zealand, Singapore, Malaysia, Taiwan, Hong Kong, Japan and the United Kingdom.

All markets form an important part of our overall marketing program but importantly, the returns to growers will be undermined overall if the USA arrangement is changed. Please remember it is the USA consumers who are paying for the privilege of eating Australian citrus under this arrangement and Australian growers, packers and exporters who are obtaining monetary benefit. These benefits incidentally which flow into regional Australia.

Yours faithfully,  
**Golden Circle Limited**

**Neil Offner**  
**Marketing Manager**