



# Griffith & District Citrus Growers' Inc. Incorporate Association

27 November 2001

Citrus Industry Inquiry  
Productivity Commission  
Locked Bag 2  
Collins Street East Post Office  
MELBOURNE VIC 8003

Dear Sir

Please consider this submission from the Griffith and District Citrus Growers Incorporated for the Citrus growing and processing Productivity Commission. We wish to comment on the following points:-

- a) Retention and expansion of the single desk import licence
- b) The facilitation by the citrus industry to introduce new citrus varieties into Australia which are more consumer preferred,

- c) The need to identify why retail margins are not passed on to producers,
- d) The effect of cheap imported orange juice concentrate as the lowest nexus for price setting,
- e) The labeling laws which do not identify local product,
- f) The difficulty in sourcing labour for fruit picking.

Most citrus growers who are export focused will have seen the benefits of good prices for fruit destined for the US market. While this market has not returned the best prices every year, it has exceeded returns compared to other export destinations as an average.

Since the single license into the US was implemented, the planting of Navels has increased significantly, endorsing this market as a viable long term outlet for the growers on farm investment. We would like to see this single desk license extended to all export markets as it appears to be the only way of preventing exporters/packers undercutting prices to achieve market access. The US program is a classic example of co-ordinated marketing with a priority focus on quality, and therefore it is a win/win for both producer and consumer.

The industry has recognized in the late 1980's that Australia could not rely on the laurels of Valencias and Washington Navels to fulfill consumer needs. Since then, AQIS and AUSCITRUS have facilitated the importation of Budwood from various countries for new orange varieties. Eg. Spanish Navelina, Newhall Navel, Cara Cara Navel (soon to be released), the Satsuma Mandarin (Japan), the Oroblanco Grapefruit and the Red Fleshed Grapefruit from the US. These varieties have filled the void in the domestic market scene, but more importantly, given growers new varieties to compliment export

markets. Because Australia is in the Southern Hemisphere, the production of this fruit supplies export markets that are out of season for their own fruit in the Northern Hemisphere. However, because of the time lag between planting and commercial production, many growers are loath to commit more debt to new and unknown varieties. Programs such as the MIA PowerPACT have offered financial incentives to change varieties, however, more money is needed to facilitate a quicker change, and underwrite some of these costs. Recognised Business Plans will identify strengths, weaknesses and opportunities within their business and make for more sustainable citrus enterprises if these variety changes were to take place.

The difference between what producers receive and consumer pays adds insult to injury. Most growers receive between eight (8) and fifteen (15) cents a kilo for oranges, and yet retailers seem only too happy to sell for ten to twenty times that price. The Productivity Commission should review and identify costs throughout the market chain, to see who is making the big profits. From where we stand as growers it is certainly not us.

The importation of cheap frozen concentrate orange juice (FCOJ) is undoubtedly the biggest problem the industry faces now, and in the future. Overseas trends suggest that the Brazilians have not stopped planting oranges for this market, and therefore this product will always exist. We recognise that import tariffs will have little affect on the price of this product and therefore we do not see this as an option. We do, however, see FCOJ as the major price driver, except in times of extreme shortage (ie 1998, 2001).

Many customers would prefer Australian product, but the current labeling laws do not identify this product easily, eg Made in Australia, orange drink and not orange juice. As this product will always be a threat to the Australian citrus industry, it is only fair that consumers should easily identify Australian orange juice from drinks made from imported concentrate.

The Harvest Trail working group identified that most backpackers do not cross the Blue Mountains looking for work. This group of people have become increasingly important in the harvest of citrus in the three major citrus growing areas in Australia. There is little to attract harvest labour to these areas as often the rates of pay reflect the price the grower receives for his/her produce. Often, the picking price paid is more than what is left is more than what is left for the grower to pay all other outgoings. On-farm accommodation or transport is often not available due to the lack of affordability for the landowner. An increase in overseas working Visas is seen as a possible short term solution, until the industry regains its long term viability and can afford to set up the necessary infrastructure to accommodate these fruit pickers.

The government played a large role in the initial development of the Australian citrus industry. We have now seen the world economic climate change from tariffs and trade barriers to free enterprise and open markets. The Australian citrus grower now need to be taking the next step to survive in this new era while there is still an industry that remains, albeit in financial disarray.

It needs to focus on export markets with new varieties and an effective export strategy.

The government must realise that the financial damage that imported FCOJ has done to the local citrus industry has been devastating and as a consequence the population of citrus growers has shrunk.

Supermarkets have taken advantage of a weak and fragmented industry, removed most competition in the retail sector, and therefore have a greater control on prices they pay for citrus.

Labeling laws must allow for the clearer identification of local product to give the consumer a choice in purchasing "Australian Made".

To see the industry "come out of the ground" and become viable in the future, assistance is needed now to help most growers. The MIA PowerPACT program is the vehicle to offer this short term assistance to position the citrus industry in a long term sustainable direction.

Yours sincerely

Robert Sjollema

President

*HR SECRETARY*

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