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N.S.W

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Citrus Industry Inquiry,
Productivity Commission,
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MELBOURNE Vic 8003.

SUBMISSION RE CITRUS INDUSTRY.

I have been involved in the citrus industry as a grower for most of my life and appreciate the opportunity to make a submission to the inquiry. I will endeavour to follow the Issues Paper, starting on page 8, Australia's Imports.

The main reason for the increased volume of frozen orange concentrate being imported is price and quality. Convertors can make a uniform product all the year by using cheaper imported concentrate, even if they are producing a fairly ordinary product. They can sell it at a price which is unsustainable for Australian growers and processors.

I cannot prove that foreign producers are subsidized, but I have been to many overseas competing countries and have compared wage rates. Our current related on-costs like superannuation, workers compensation insurance, sickness and holiday pay, long service leave, severance pay are generally unheard of.

The value of Australia's exports is a mystery to me. I presume it is F.O.B. value, and if so, this should be clearly stated. The costs between farm and F.O.B. have increased dramatically, the standard of fruit being exported has increased, and all of this is a cost passed back to growers. Supplying export quality fruit means more is culled out for juice, which also detracts from growers' returns.

The key factor influencing the success of Australia's exports is exchange rates. I was in California last year and realized the difficulty being experienced by growers there due to the high US dollar. In 1984 our dollar was equal to US\$1.11. I would like an assurance the present exchange rates will prevail for a long time.

The time taken to gain entry to the market in U.S.A. cost our industry millions of dollars. U.S. quarantine service required proof that our Septoria Spot was identical to theirs. This took many years and was a very effective barrier, even though fruit from U.S.A. was allowed into Australia as our AQIS maintained that our Septoria Spot control programme would control any Septoria Spot coming from U.S.A. Quarantine barriers due to fruit fly are very real.

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U.S.A. is now in most years our most profitable market for large navels and tangelos. This has been assisted by a strategy of supplying a single importer and co-ordinating most of the exports to U.S.A. It is so logical that growers and exporters should do the same in other export markets. It is always under threat by egoistic exporters and Government Competition Policy, which can be contrary to allowing growers to maximize their returns.

The International Citrus Congress last year included a marketing session which stated that our competition is not apples, bananas etc., but prepared food, ready to eat. A machine and process has been developed in Florida to peel citrus fruit and pack it in a plastic container ready to eat. This is already being done with pineapples in Australia. I believe this is the way of the future and we should concentrate on producing seedless citrus fruit which is easy to break into segments. As other fruit types become available in ready to eat form citrus fruit will be overlooked as fresh fruit if this market is not developed. An Australian process has also been developed and has been reported in the press. A large portion of the Citrus Congress programme was spent on rind blemishing, pitting and control of pests affecting the rind of oranges when, in fact, the rind is usually discarded.

Domestic marketing has often been a shambles. Many consumers do not know the difference between a navel and valencia orange or different mandarin varieties. I am impressed with the labelling of apples by variety and feel we should do the same. At our expense the packer usually puts his label on the fruit, which means little to the consumer. Growers pay to have fruit packed in new cartons with attractive labelling on the carton, but this is discarded by retailers and seldom seen by consumers. Supermarkets are often less than honest with their labelling and our local supermarket currently has valencias under a sign saying navels.

The retail price has little relation to the market price. We are picking valencias which return around \$180 per tonne (this is far better than last year due to a light crop) which is about 18 cents per kg. The retail price at the local supermarket is \$1 per kg. The growers' share of the consumer's dollar continues to decline. I wonder how much of the \$4.99 per kg for Pink Lady apples goes back to the grower. I am sure there could be a premium at the supermarket if we labelled some of the new navel varieties but I am not sure it will get back to the grower.

Growers have responded to prices by removing valencias. While we had some protection from cheap imports we could afford to grow them. In 1982 the election promises by the potential Hawke Labour government included a written undertaking that the tariff on imported concentrate would not be phased down. This was cancelled six months later, after coming to power. They later put sales tax on fresh juice, so it should be evident I am sceptical about election promises and reliance on Government long term assistance! It is better to offer no assistance than to remove it after offering it.

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When it became evident that valencias would not be profitable, there was a problem with alternative varieties. The Senate blocked legislation to allow plant varietal rights (the Democrats this time), so that some new interesting varieties from overseas were not available. Importation of citrus budwood was banned for 40 years and it took time to establish a quarantine system to allow importation. Some local growers had located late navel strains, but were unwilling to sell budwood without some form of propagation rights. Governments were very slow to act.

Financial performance is as variable as the weather in spring. The year 2000 is best forgotten as world production exceeded demand. We are a small sector in the global situation, but every producing country suffered. Even our exports to U.S.A. were a disappointment. Please tell me how to improve productivity by reducing inputs (page 11).

Size of property is irrelevant-Variety, fruit size and appearance combined with market demand are the key factors in survival.

Replanting is part of the business in fruit growing. Replants seldom grow as well as the original planting and need more care. The question is "what to plant?" What will be marketable in ten years time? I have planted many types of navels, Delta seedless valencias, Oroblanco grapefruit, native limes and even some Kaffir limes, and three varieties of lemons. Some of the navels are already being reworked as we do not win every time. One navel variety (500 trees) was pulled out two years after planting. We are also growing Hamlin oranges, theoretically for fresh juice but marmalade appears better. Young trees tend to grow rough fruit and Oroblanco grapefruit has a bad reputation for this. However I find that as the tree matures the fruit quality improves and the 17 years old Oroblanco tree at Riverside in California is growing excellent quality fruit. I am planting more of them.

Most citrus producing areas have occasional troubles with frost or freezes. Our packing sheds do not have the facilities to separate dry fruit and this type of fruit can ruin fresh fruit markets. We do not have the option of processing into concentrate profitably, which was invaluable in 1982. The economics of frost protection machines is doubtful and some of the newer varieties may be more susceptible to cold.

I believe Australian growers can compete with any other country in growing a crop on the tree. Our harvesting and marketing costs make us unprofitable when compared to some other countries, such as South Africa.

The Citrus Market Development Programme of \$8.4 million is insignificant when compared to the sales tax revenue received by the Government of the day. However it should be extended, even if the sales tax is gone.

Government assistance is vital in maintaining quarantine barriers to keep fruit fly away, to keep canker out of Australia as well as Greening and other virus diseases, which we are very fortunate to have avoided to date. Citrus canker could put us out of the American market. Queensland Fruit Fly can put us out of Asian markets. The insect responsible for Pierce's Disease, a serious threat to grape vines, can live on citrus trees without doing any harm, but any neighbouring grape growers would require citrus to be sprayed to control it if it comes to Australia. This means our biological pest control would be ruined.

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The best assistance the Government can provide is to keep the Australian dollar at its present value. We cannot compete with Brazil in producing frozen orange juice concentrate and Florida cannot either. Processors there are getting out of concentrate as quick as they can. They have moved to "not from concentrate" juice, which is far superior to reconstituted juice. It is stored as single strength and trucked across U.S.A. in tankers in its almost frozen state. It is stored in very large tanks for up to one year to allow blending of early season and late season juice. Tropicana markets three grades of orange juice and the premium grade with added calcium is far superior to any reconstituted product. There should be scope for marketing "not from concentrate" juice with added calcium in Australia. I hope there are no Government barriers to this. Production should be encouraged for the good health of Australians.

Requests for assistance at Industry Assistance Commission inquiries in the 1980', were based on needing time to adjust. As markets for alternative varieties to valencias were not available nurseries were growing valencia trees, with the result that valencia plantings increased. Assistance to cover the cost of removing valencia trees would have been appreciated but sufficient trees may have been removed. Many older trees are producing small size fruit and it is much easier to grow larger fruit on young trees. However the small size fruit is quite suitable for the fresh juice market late in the season.

Research into finding better rootstocks and seedless fruit, particularly mandarins is very slow. It is important that Government funding be maintained and even increased, as I believe this is the direction the citrus industry must take.

Yours faithfully,

(signed)

John Whyte.

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Included in this submission was an newspaper attachment that could not be reproduced clearly in an electronic document for publication on the website. The attachment details were:

Newspaper: The Sunraysia Daily – 24 hours

Caption: Orange peel process has fresh appeal