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NSW

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Citrus Industry Inquiry
Productivity Commission
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Following is our submission regarding negative affects we are experiencing due to the downturn in the citrus industry -

We have approximately 46 acres mostly planted to valencias with the remainder to navels. Last financial year we had a farm income of \$54,986.48 and our expenses totalled \$62,739.21 none of which was personal drawings. The larger proportion of this was harvest wages (\$24,693.80) and the next largest expense for cartage ; (\$9,134.25) because of a contract with a juice company in Melbourne. Our farm has sprinkler irrigation in line with the move to sustainable irrigation and water use. Unfortunately returns do not allow for purchase or construction of mechanical harvesting equipment to reduce our harvest labour costs.

My husband has fulltime off farm work and I have been working in local packing houses during the different seasons but have now been accepted for fulltime work. We work farm after hours and weekends. A lot of families depend solely on the farm income. We are struggling even with an outside income, so we can't imagine how these other families are surviving. We have been told that quite a few are dependant on social welfare.

Packing houses, supermarkets and juice companies are holding the farmers to ransom. The juice companies know they can import concentrate for the equivalent of \$50.00 per tonne of fresh fruit. Local supermarkets in winter 2000 were charging :shelf price equivalent to \$3,000.00 per tonne for navels. At the time we received \$116.00/tonne for our fruit. There should be a more equitable profit sharing arrangement between growers packers and retailers.

Last navel season, the prices were quite reasonable and whether it was hearsay or not, we do not know, but shortly into the season the demand was said to drop because American navels had now come onto the Australian market.

Regarding export, it has been our observation that growers take all the risks and are the last to be paid if any money remains after packing houses, exporters, importers and resellers (overseas) take their percentages. Occasionally growers make good money as often as not they incur a debt. A better method would be to pay the grower a decent price over the bridge prior to packing, exporting etc. or split the profit or loss between the grower and packer after all expenses have been paid.

At one meeting of Riverina Citrus last year, a grower said he would deliver his fruit for \$60.00. Some farmers think it is better to get a little money than nothing at all and deliver fruit for prices less than their production costs, which then sets a precedent. Some of these farmers also have grapes to sustain them and while there is good income from grapes they are not so concerned about the low returns for oranges. Most of the problems could be overcome if the farmers were to refuse to sell their fruit unless prices offered were reasonable. Perhaps single desk marketing could work on an area level as it seems to work well overseas. Sadly farmers appear unable to stand together as a whole. I believe many are just very despondent at this time as a result of such a drastic downturn in the industry that they have given up all hope. One can certainly see this reflected in the neglected state of some of the citrus groves around the area.

We have heard that some new citrus are being developed and ask why new areas should be encouraged when existing ones are struggling. Wouldn't it make more sense to invest in the established citrus industry to make it more profitable or develop new markets, rather than new citrus areas, which will only take part of the existing market thereby reducing our profitability again.

Australia doesn't produce enough oranges for its own needs, so we can't understand why fresh fruit prices for fresh juice production aren't at a premium all year round.

The following points were included in a letter prepared by Riverina Citrus which we were encouraged to forward to our Federal member for Riverina in June of this year.

- Imports, mainly in the form of frozen concentrate from Brazil, have increased from 5,000 tonnes in 1989 to 28,000 tonnes in 1999
- Imports of fresh citrus have increased from 8,000 tonnes in 91/92 to 18,000 tonnes in 99/00. American oranges sell for less than the local product in supermarket, which would lead us to think that they are being dumped in Australia
- The tariff was 35% in 1988 and was 5% in 1996. (We strongly believe that tariff protection should be increased).
- Some measures that would help are:
 - a. Increase the bound tariff rate of citrus juice to 24%
 - b. Provide taxation concessions and relief to citrus growers
 - c. Provide taxation concession to juice manufacturers who include at least 25% of domestically grown content in their products; and

Review the guidelines of the Farm Help Scheme

Yours faithfully

Michael and Julie Watts

per J A Watts (signed)