

PM & SL Morris  
NSW

21 November 2001

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

Dear Sir

I am a 3rd generation citrus farmer and have been involved in the citrus industry as a grower for the past 30 years. My farm is 55 acres of citrus, primarily Valencias.

The current situation the citrus industry is going through the worst that I have experienced in my time growing citrus and I can see my financial viability as a citrus grower being eroded away by the low prices currently being paid for my fruit unless the Australian citrus producers receive some form of assistance.

The prices that are paid to growers in Australia reflects directly upon the world price that overseas countries are prepared to sell their frozen orange concentrate on the world market for. The main country that causes the low prices, I believe, is Brazil where the workers are paid I believe \$30.00 per week. With the costs growing, processing, storage and transport, I cannot see how orange juice concentrate can be produced and sold on the world market for such a low price without some form of government subsidy from the Brazilian government.

The price per 20 case bin, (which weighs less than half a tonne), Australian pickers are paid varies depending on fruit size and variety, the average price would be around \$18 for juicing fruit. The average picker would pick a bin in one hour. On top of this, growers have to pay superannuation, sick pay, holiday pay and workers compensation insurance which all increase the cost of harvesting the fruit. Currently the return per tonne paid by the juice factories for non contract Valencia oranges, which ends up in 100% orange juice, only averages \$100 per tonne **(see enclosed copy of October fruit**

**deliveries with tonnes and price highlighted).** The Australian citrus grower cannot survive if the returns for his fruit remain at this level.

The situation has seemed to have become worse since the drop in tariffs in 1996 from 3.5% to the present day 5% tariff.

Another problem for the citrus industry is the high mark-up that supermarket chains make on citrus fruit. It is commonly advertised that fruit is on special for \$2.99 a kilo which equates out to \$2990 per tonne. If fruit was sold for half of the price and the grower received more for his produce there would be an increase in the volume of fresh fruit consumed benefiting everybody.

Citrus growers have had to undertake a number of short term cost cutting practices to stay viable in the industry; such as cut back on other costs of production such as sprays, fertiliser, not upgrade any plant and machinery and pick the fruit themselves (currently half my crop is harvested by my 75 year old father and myself).

I believe the Australian citrus grower is very efficient but under a depressed market he will not be able to survive very long unless some form of government assistance is forthcoming.

Some suggestions are:-

1. Some form of levy that prevents the undermining of the price paid for Australian citrus by imported frozen citrus concentrates.
2. Labelling laws that make it clearly visible if the juice product is imported or 100% Australian.
3. Lower government inspection charges on fruit being exported overseas.
4. Taxation concessions and relief for growers.
5. Immediately launch safeguard investigations under WTO rules which will show that action to protect domestic producers from import competition is warranted.

If some form of assistance is provided to Australia's citrus growers, it will provide flow on benefits to the local communities which are struggling due to low commodity prices.

Yours sincerely

See Attachment

Peter Morris  
PM & SL Morris