



**SUNRAYSIA CITRUS GROWERS INC**

Government Drought Support Inquiry  
Productivity Commission  
Locked Bag 2, Collins St East  
MELBOURNE VIC 8003

29<sup>th</sup> August 2008

**Productivity Commission Inquiry into Government Drought Support**

Thank you for providing the Murray Valley Citrus Board and Sunraysia Citrus Growers Inc, with an opportunity to submit a response to the Inquiry into Government Drought Support.

Comments in this submission are the considerations of our two Boards' as representatives of Murray Valley Citrus. They are not the result of consultation with all citrus growers, as time available did not allow for this.

The Murray Valley Citrus Board (MVCB) is a grower funded statutory authority under the Agricultural Industry Development Act 1990 Victoria and provides research and development, market development and other services to 430 citrus producers throughout the Murray Valley in both NSW and Victoria.

Sunraysia Citrus Growers Inc is an agri-political body representing citrus growers from NSW and Victoria from the South Australian border to Boundary Bend, Victoria. We represent approximately 300 growers.

Our concerns with the current system of government drought support is the difficulty for horticulture operations to show that drought has had an effect on their operation, there is confusion as to drought assistance programs available, application requirements are complex and programs need to ensure that they support the farmers who invested in improved systems but need assistance in the short term. Assistance provisions must be targeted to viable farming enterprises and not those enterprises that are considered non – viable.

Drought support traditionally focused on dry – land farming; horticulture by its nature is different and this needs to be recognised in developing an assistance package. Horticulture is labour and resource intensive therefore assistance provisions must not just provide income support for the family but must ensure that the farm enterprise continues eg. weed control, pruning, and pest and disease management. Means-test free grants would assist in this regard.

Permanent plantings such as citrus have long lead times to come into production (up to 7 years), it is essential that plantings are maintained and that assistance provisions recognise this.

**Drought Support:**

Government drought assistance was crucial to our growers last year (2007/08) where water allocations in Victoria commenced at “0” and reached 43% in March 2008. Victoria is currently on “0” allocation. On the other hand New South Wales received only 50% of allocation over the past two seasons and this season (2008/09) commenced with 0% but now has 25% of allocation. This is still not enough to maintain any level of productivity.

Citrus is a permanent planting requiring up to 12 ML/ha on an ongoing basis, but watering is particularly crucial between August and December.

Citrus growers are known for their self-reliance and adaptability. Growers have, mostly through their own capital expenditure, upgraded their irrigation infrastructure to become as efficient as possible and to improve overall productivity. Prior to the drought cutting water restrictions, innovative and successful growers had taken on loans in updating irrigation infrastructure as well as other on-farm improvements, in what is a globally competitive industry. It is those growers who are now accessing drought support to assist them and their families in surviving an abnormal circumstance.

The citrus industry has received very little support from Government, receiving only \$8.4 million for some structural adjustment, after tariffs were reduced. This mostly went to marketing and R&D programs. The Productivity Commission has been involved in several investigations into providing further adjustment assistance to the citrus industry, but has recommended that no further action be taken. To put this into further perspective, a recent article cited that the Australian Government has provided \$38 million to Indonesia to “lift productivity in Indonesia’s agriculture sector.” (Mildura Mid-Week, Tues Aug 19, 2008) The small amount of assistance being provided to our growers via drought support is some recompense in a current situation where growers have been exposed to the world market for nearly 20 years and have made as many on-farm improvements as possible to remain competitive.

Current drought support measures are assisting our growers to survive as they make decisions to remain, downsize or exit the industry. Growers have taken out loans to purchase water to be able to irrigate their crops and have some carryover for this current water year, knowing there was a strong likelihood of 0% allocation. Drought support enables growers and their families to get by.

Most growers would never have accessed any form of government support prior to this drought, as farm assets usually prevented them from accessing any form of Commonwealth Government support for their children. As an example, one grower and his family, who are now accessing drought support payments, were able to receive a Health Care Card. The family noticed that their school age children were not listed on the card. After enquiring at Centrelink they were told their children could have their names on the card as well, but because they had never been in the “system” for any family benefit payments, they would need to have all their details registered and their names would be included and the card updated. Even after this exercise was undertaken, the children were still not listed on the Health Care Card.

**Interest Rate Subsidies:**

Interest rate subsidies have been very beneficial to those growers eligible to apply. This has enabled many citrus growers to continue on in very difficult and challenging circumstances. These growers are the ones that have taken the hard decisions to upgrade plant & equipment, along with making

productivity changes on farm, over the last ten to fifteen years, to try and maximise productivity and increase returns, however, to do that they have had to borrow. They are growers who provide a quality product to both the export and domestic markets. We do not want to lose these growers to our industry. To be able to have some form of assistance, such as the interest rate subsidy, will enable these growers to be able to continue in the industry in some form.

**Financial Counselling:**

Financial counselling staff have been an integral part of this community as our growers have adjusted to circumstances they never thought they would find themselves in. Financial Counsellors have provided sound advice and been readily available for our growers. The information they relate back to Government, to the banks and to the community in terms of increased levels of debt, has been instrumental in community and commodity group planning.

**Exit Packages:**

Exit Packages have not been helpful to our growers. The \$150,000 provided is not enough to assist with relocation costs, to a housing market where a basic 3 bedroom home is worth \$275,000. With water being unbundled and if the grower has already sold water to meet other debts, the land is worth very little and would not help in providing income to assist in relocating.

**Recommended enhancements to Drought policy**

There are many ways in which the Government can assist horticulture as part of its drought policy:

- Address EC assessment anomalies that exist between New South Wales and Victoria to ensure a consistent approach.
- The suspension of charges for water services not provided
- The provision of full Local Government rate relief.
- The provision of means test free grants for essential property maintenance eg pest and disease control, pruning and environmental works
- Making available more drought management projects managed by Catchment Management Authorities (CMA), with income received by growers from this activity exempted by Centrelink when assessing assets.
- Enhancement of the Advancing Australian Agriculture package to allow farmers to exit promptly with adequate resources to start a new career. -
- Means Test Free Grants to facilitate industry restructuring including investment in new technologies and property build-up. This may be part of a medium term strategy to assist horticultural industry recovery, post the drought.
- Because of the recessionary economic impact on rural communities, its imperative there is a fiscal response to avert the recessionary impacts, eg, the Government could accelerate infrastructure investment within the Murray Valley and this would be for water, transport, business and other sectors. A water savings project under the National Water Plan would be an appropriate investment.

**Summary:**

We believe that Government has a role to play in assisting productive farming families, such as citrus growers, in adjusting and surviving severe drought sequences of this nature. Government policies have brought about changes to the farming sector where the terms of trade have fallen substantially and where imports, from countries with much cheaper labour costs, are eroding the domestic market.

As stated above, the citrus industry has received very little in terms of any structural adjustment, compared to other Australian industries, such as the Pork, Sugar or Dairy industries. Even our near neighbours are receiving more to help with their agricultural production than the citrus industry has. Our growers have made significant adjustments in coping with the changes to policy, both in trade and water management. We are grateful for the assistance that drought support provides in helping us to survive so that we can remain a productive part of the Australian economy into the future.



**Anne Mansell**



**John Tesoriero**