Queensland Government

Department of Agriculture, Fisheries and Forestry

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Mr Stephen Palethorpe
Committee Secretary
Senate Rural and Regional Affairs and
Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Palethorpe

Thank you for the invitation to provide a submission (attached) for the upcoming review of the Australian citrus industry.

The Department of Agriculture, Fisheries and Forestry Queensland (DAFF) provides the following submission to the Senate Standing Committee on Rural and Regional Affairs and Transport on the Queensland citrus industry.

In summary the Queensland citrus industry is a large producer of mandarins and contributes significantly to national supply of citrus products. DAFF supports growth of the industry by providing primary producers with access to the latest research developing new varieties and improving product management systems.

Queensland citrus, although impacted by the recent extreme weather events has proven to be resilient with primary producers taking the necessary steps to return to production. To secure long-term growth and profitability of the citrus industry, a collaborative approach will be required to manage biosecurity threats, conduct research and develop new and existing markets.

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Yours sincerely

Jack Noye
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Att

Rural and Regional Affairs and Transport References Committee

Review of the Australian Citrus Industry
Submission
Queensland Department of Agriculture, Fisheries and Forestry

This submission provides an overview of the Queensland citrus industry and opportunities for future growth and development. The Queensland Department of Agriculture, Fisheries and Forestry proactively works alongside industry to ensure producers have access to the latest information, technology and advice in the areas of pest management, market development and research. Recent extreme weather events in Queensland caused significant damage to citrus orchards particularly in the Gayndah and Mundubbera region. Fortunately product supply was only temporarily impacted due to the resilience of citrus growers and their ability to return to production.

Queensland citrus industry

The Queensland citrus industry is diverse and unique from southern states, focusing on easy peel varieties such as mandarins (approximately 80% of production). Limes and lemons are also produced, along with smaller volumes of grapefruit and orange. The Central Burnett region and the Emerald district are the main growing regions in Queensland. Fresh citrus is sold on the domestic market, directly to large supermarket chains or through the central markets system. An increasing quantity of mandarins and oranges are being exported with large citrus businesses committed to market development. In 2010/11 the value of Queensland citrus production was $133 million (ABS catalogue 7503.0).

Biosecurity

There are approximately eight serious exotic citrus pests that could threaten our citrus industry.

Following the 2004 detection of citrus canker at Emerald, it is estimated that the four and a half year National Citrus Canker Eradication Program cost around $18 million. Additionally there was an estimated annual revenue loss of $31.95 million to Emerald growers from the destruction of trees, as well as the loss of several hundred full-time jobs and many more part-time jobs. The Australian Bureau of Agricultural and Resource Economics (ABARE) estimated the benefit to Queensland of the eradication of canker to be $105 million. The successful citrus canker eradication campaign in Central Queensland was completed in early 2009, and the area's citrus canker-free status reinstated. Such an outcome would not have been possible without the dedicated support of industry, governments and the wider community. A similar coordinated and comprehensive campaign should be encouraged for any future outbreaks of citrus canker, and other pests and diseases such as the Asian citrus psyllid and Huanglongbing (HLB).

The rapid spread and massive economic impact of the HLB disease in the United States, and its emergence in Papua New Guinea and other near neighbours of northern Australia, is concerning for the Queensland citrus industry. Given Queensland's proximity to countries with HLB to the immediate north, the risk of natural introduction, as well as incidental introduction, of the Asian citrus psyllid (*Diaphorina citri* - the vector for the spread of HLB) and HLB is greatly increased. As such, the Queensland Government is supportive of industry moves to develop a dedicated biosecurity project including surveillance, education and response plans for HLB. However, any such biosecurity measures must treat HLB and the psyllid with equal levels of concern and threat to the industry.

In 2010 the Queensland Government delivered exotic citrus pest surveillance training to all its plant health inspectors as well as citrus industry pest consultants in the main citrus production areas. This training included exotic citrus pest identification and reporting, as well as measures that could be undertaken to minimise pest spread and protect farms from exotic pest introduction. Early detection of exotic pests preserves the opportunity for an effective response.

The Horticulture Australia Limited project investigating a systems approach for the control of the citrus black spot disease to facilitate export market access has successfully developed an effective best practice management system for in-field control of this disease. Together with a complementary Queensland Government funded project, researchers were able to further develop a data package supporting the high levels of in-field control, to support the expansion of export markets for Queensland citrus. A direct outcome of these projects has been the presentation to the United States of America (USA) of an export submission for mandarins from Queensland. The USA market for Queensland Murcott is estimated to be worth $60 million annually.

It is vital to note that expanding and maintaining domestic and international market access relies on upholding the pest free status for diseases such as citrus canker and HLB.

Investment into surveillance and the eradication of pests and diseases of biosecurity concern is vital to protect the citrus industry into the future. However, facilitating industry growth, resilience and increasing profitability also requires continued investment in the management and treatment of endemic pests and diseases. Endemic pests and diseases can cost the local citrus industry millions of dollars each year, and industry cannot afford to become complacent in this area when planning future investments.

Supply chains and markets

Queensland citrus industry is one of the leading export earners of the horticulture industry. Interstate competition is prevalent with southern states supplying a large proportion of the orange market. Queensland product is sold through a seasonal market window which occurs from April to October each year.

Market access

Across Australia each state is responsible for adopting adequate quarantine measures to ensure biosecurity. Plant health certification is required for the transport of citrus product interstate. Requirements for certification vary between states. Harmonisation of interstate certification would increase access to the domestic market.

The area-wide management program for fruit fly control in the Central Burnett region is a cooperative approach to pest control. Efficacy data from this program has successfully facilitated access for Central Burnett citrus into South Australian markets under ICA-28 (Pre-harvest bait spraying and inspection of citrus). Further recognition of this holistic approach to fruit fly management should be considered by other Australian jurisdictions, and opportunities could be investigated for similar programs in other citrus growing regions.

Export market development

The high Australian dollar, increasing cost of production, the recent natural disasters in the Burnett region and competition from low cost economies are major impediments to export. The Queensland citrus industry continues to explore export opportunities of high value citrus in pursuit of newer markets and strengthen its presence in existing markets.

The Queensland Government works in partnership with citrus businesses to build export markets. Businesses are encouraged to take a whole-of-value chain approach and focus on understanding and meeting consumer needs. Industry fragmentation and past biosecurity incursions have reduced the capacity of the industry over time to export.

Export opportunities exist in Asia and the Middle East for high value and quality mandarin product. Queensland producers have the capacity to supply this market. The Queensland Government in partnership with industry is focused on building the export market for mandarins into Thailand and is presently exploring the economic viability of Europe. Other opportunities include China, Hong Kong, UAE and Taiwan.

Consistency in supply and quality of product are crucial to meet market requirements. Queensland citrus growers have proven their ability to consistently supply mandarins independent of the recent extreme weather events. Additional work is required in the areas of post-harvest product management, in-market promotion and logistics to ensure continued growth in the export sector.

Supply chains

Industry fragmentation and a lack of collaboration between producers have impacted the industry's ability to export. Cooperative arrangements between industry businesses have previously been short-lived. The Queensland Government is now focused on working with existing exporters to build their supply chains and understanding of the market. It is envisioned that through this market driven approach cooperative supply arrangements will be developed.

Improved varieties

The development of new varieties tailored to the export market is required to move the industry forward. The limited shelf life of mandarins and inconsistencies in flesh quality are issues that need to be addressed. Effective breeding programs and research facilitated by government are paramount to addressing these issues.

Research and development

Quality, low-seed, easy to peel citrus products are increasingly what the consumer requires. Breeding mandarin varieties that appeal to the consumer in-terms of colour, sweetness, shape and juiciness is paramount to the future growth of the Queensland industry. Industry profitability is driven by exports, so new mandarins must meet both Australian and international expectations. Agri-Science Queensland's sub-tropical breeding program conducts research into improving the eating quality of mandarins.

Research scientists are also investigating how to reduce Murcott mandarins' susceptibility to wind rub damage. Financial losses due to downgrading of the product can be widespread and have a substantial impact on the producer. A successful breeding outcome would reduce the quantity of downgraded product each season and improve financial returns to citrus growers.

Opportunities exist to breed new citrus varieties that maintain their quality during transport and storage. This is paramount for the continued growth of the citrus export market. The development of new mandarin varieties that close the seasonal gap will also provide Queensland with a competitive market edge into the future.

Disease pressure in commercial mandarin orchards has increased dramatically in the last decade, and breeding is now recognised as the only economic solution to this problem. It also represents a solution that has market, consumer and environmental credibility.

A preliminary investigation of the use of wax on citrus fruit to prolong shelf life has been conducted. The detection of off-flavours in mandarins, especially from Shellac based waxes, following transport to market is the driving force behind this research. It is important that an alternative system be identified to ensure product quality.

Existing research and development needs of the citrus industry far exceed the available resources. Citrus Australia supports, where possible, a number of specialised projects in accordance with their strategic plan. Levies collected on behalf of the industry are distributed between the states and have previously had a greater focus on orange based commodities. A greater level of investment is required if the industry is to remain competitive into the future.

Conclusion

The Queensland citrus industry is a large supplier of Australian mandarins to both the domestic and export market. Market opportunities exist into Asia and the Middle East for high value and quality product. The high Australian dollar and an outbreak of Citrus Canker have previously limited export development. A proactive approach to pest management will ensure the industry has a market advantage over international competitors.

Research undertaken by the Department of Agriculture, Fisheries and Forestry, in breeding new varieties and improving fruit quality is vital to the ongoing productivity and profitability of the citrus industry. Queensland fruit breeding programs ensure the Industry has access to the latest technology and fruit varieties to boost their business.

To ensure the continued success of the Queensland citrus industry, collaborative action will be required to strengthen our research and development programs, explore new markets, refine our knowledge and proactively respond to threats of pest and disease.