

SENATE STANDING REFERENCES COMMITTEE ON RURAL & REGIONAL AFFAIRS & TRANSPORT

INQUIRY INTO THE REVIEW OF THE CITRUS INDUSTRY IN AUSTRALIA

TERMS OF REFERENCE

The Australia juice industry has been allowed to self regulate for over 30 years. In the early years the industry was importing the equivalent in fresh fruit of approx 70,000 tonnes. It is now importing as much as 600,000 tonnes.

The market for citrus juice has been grown by more than 10% over the past 30 years and is now worth over \$1 billion dollars a year in sales.

During this time same growers have received between \$30 per tonne to \$ 400 per tone. Pricing was derived from a world price formula that was never adequately explained at a grower level either by juice processors or grower bodies.

Over the last few years growers were becoming more optimistic that the floor price of their industry would increase as Brazil was pushing citrus out and planting sugar cane.

Brazil and Florida also had citrus canker and greening disease.

As a result the worlds largest citrus and juice producing areas were having significant and long lasting production problems.

But while world supply was falling and prices around the world were rising the price received by Australian growers remained low and well below the cost of production for the majority of growers, particularly the smaller growers.

The pricing does appear to be predatory.

Growers believe this is occurring for a number of reasons. Firstly for smaller growers it is the packer not the grower who negotiates the juice price with the processors.

Secondly the introduction of collective bargaining laws have made it very difficult, complex and possibly illegal for small producers to negotiate a fair price. In contrast large commercial organisations have been able to negotiate a premium price compared to the smaller operators. We are concerned we may be seeing the end of the small family citrus growers.

In all this time, there has never been an inquiry into the industry.

There have been some attempts to set a world juice parity price for Australian growers , but this has always been done by the industry its self and not by an independent body. The problem is that the industry is made up of growers and processors and their interests are often at odds. This has resulted in the adoption of a parity price which has always favored the processors.

The current world parity price is quoted as Free On Board Brazil – this means the cost of buying it in Brazil.

This does not include the cost of freight handling , containers and storage etc. When you add these costs the real price of imported juice goes rises significantly.

The processors use the lower Free On Board Brazil figure to justify paying Australian growers less than they should.

South Australia once grew 180,000 tonnes of juice fruit. We are now down to 40,000 tonnes. At the same time thousands of hectares have been planted in New South Wales and Victoria, despite the fact that until recently the nation was experiencing a significant drought.

This season growers' have received between zero and 5 cents a kilo , making the worst season ever .

Growers want to be able to negotiate an indicative juice price, at the start of each season. This will give them the certainty they need to plan.

We need an Ombudsman, or some other independent umpire to oversee negotiations between growers and producers to ensure a fair world parity price is achieved.

I would encourage the committee to look at the following areas.

- *THE COST OF IMPORTED CONCENTRATE?**
- *THE QUALITY OF IMPORTED CONCENTRATE?**
- *THE COUNTRIES WE IMPORT FROM?**
- *THE COST OF PROCESSING CONCENTRATE IN THIS COUNTRY AND OTHER COUNTRIES?**
- *DO WE EXPORT JUICE PRODUCES?**
- *WHO IMPORTS THE CONCENTRATE?**
- *WHEN IS IT IMPORTED?**
- *WHAT THE IMPORTED CONCENTRATE IS USED FOR**
- *THE COST OF FREIGHT**
- *THE COST OF PACKAGING**
- *THE COST OF STORING THE CONCENTRATE**
- *WHO PROFITS FROM IMPORTING CONCENTRATE?**
- *WHAT AMOUNT OF FRUIT HAVE WE GROWN IN AUSTRALIA OVER THE LAST FIVE YEARS?**
- *HOW IS THE CURRENT LANDED JUICE PRICE SET?**
- *LABELLING LAWS IN OTHER COUNTRIES**
- *HOW MUCH FRUIT HAVE WE IMPORTED INTO AUSTRALIA OVER THE LAST FIVE YEARS?**
- *HOW MUCH ASEPTIC JUICE IS USED?**
- *WHAT IS THE COST OF PROCESSING ASEPTIC JUICE?**
- *WHAT ARE THE FREIGHT AND STORAGE COSTS ASSOCIATED WITH ASEPTIC JUICE?**
- *DO WE IMPORT ASEPTIC JUICE AND AT WHAT PRICE?**
- *DO WE IMPORT ASEPTIC CONCENTRATE?**
- *WHAT IS THE AMOUNT OF PULP THAT HS TO BE ADDED TO IMPORTED CONCENTRATE TO MAKE IT FIT FOR SALE?**

This industry needs a mandatory code of conduct , and powers for it to be enforced.

The Australian juice industry is worth over a BILLION dollars AND GROWING AT OVER 10% A YEAR , all I want is a fair price ,aim sick of subsidizing the imports !!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

Citrus Australia Ltd., formally Australian Citrus Growers Fed. , Has always had as its major sponsors , National Foods and Golden Circle , CAL has never looked at the Australian juice industry and look at their budget ???

Money for Nothing ??????

Financial Statement 30th June 2012 From Citrus Australia Ltd.

Employee & directors benefits expense----\$921,594

Operating grants and income-----\$2,073,480 -----Money from Horticulture Australia Ltd. HAL

Project income----\$440,628

Member Subscriptions \$171,487

Grand TOTAL of \$3,607,189

And What do Australian citrus growers get for their money , the worst labeling laws in the WORLD .

Imported orange juice, containing a ban chemical , that Australia growers cannot use !!

Thousand of tones of fruit being dumped !

Being told to remove 20% of our NAVELS !

CAL does not have the majority of Australian citrus growers as members , in SA less than 10% ,Vic. again less than 10% , yet the Federal government recognize it as the peak body . , they are totally reliant on HAL, for funds from research and development.

Dozens of trip to China ,with no out comes , CAL board members.

The choice of whether to buy Australian or not , should be made by the consumer ,not the juice companies !!!!!

Ron Gray