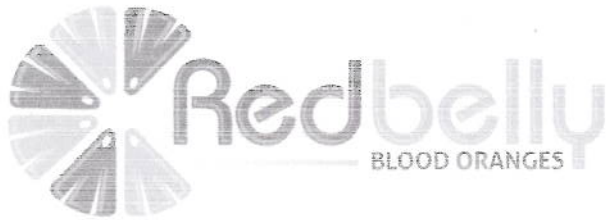


Senate Rural and Regional Affairs and Transport References Committee

REVIEW OF CITRUS INDUSTRY IN AUSTRALIA

**Index of Documents Tabled at Griffith Hearing
Wednesday, 3 July 2013**

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July 13 2012

BY EMAIL: joe.ludwig@maff.gov.au

Mr Joe Ludwig
Minister for Agriculture, Fisheries and Forestry
PO Box 6022
Parliament House
Canberra ACT 2600

Dear Mr Ludwig

Re: Issues concerning the citrus industry & DAFF policies

I am writing to you on behalf of my company, Redbelly Citrus Pty Ltd, as well as on behalf of blood orange growers and indeed citrus growers generally.

In summary my concerns are threefold and the issues of which fall within your government department, hence our correspondence to you:

- 1. a ten-fold increase of Federal Government charges associated with registering a facility for export.**
- 2. lack of drive and support for opening and maintaining export market access.**
- 3. failure to impose the same quality (chemical residue) restrictions on imported goods versus Australian produced goods (carbendazim).**

I will address each of these in turn, however before I do I would like to point out who we are and where we are coming from.



Redbelly Citrus Pty Limited is comprised of third generation farmers who were raised in and continue to support the Riverina region, and Griffith specifically. As you may be aware, the local community is reeling from the uncertainty and prospects of losing the lifeblood of the community, the water. On top of that rising costs, overseas competition, the higher dollar and the effect on exports and massive market distortions brought on by domestic retail condition have caused many citrus farmers and other like businesses to give up.

We grow blood oranges. We are young (comparatively to the average age of farmers in the region which must be hitting 60-70). We are passionate. We want the world to taste our blood oranges which are grown in the cleanest and purest of environments. We want to thrive.

Unfortunately it seems to us farmers that the government is intent on destroying our businesses, our livelihoods and Australia productive capacity to grow clean, safe food. The latest round of decisions made by government departments highlighted for you below, do not inspire us with confidence. To the contrary, it deflates hope and raises the spectre of total industry collapse.

1. INDUSTRY ADVICE NOTICE 2012/25

We recently received a notice from Ms Kylie Calhoun regarding the fees we are required to pay to register our shed to pack oranges in for export. These are simple structures and not complex manufacturing facilities like laboratories for pharmaceuticals. Fruits come in get washed, waxed, packed and put onto a waiting truck for transport to an export inspection facility.

From July 1 certification for a Category 3 country which includes the vast majority of our Asian and North American trading partners increases from \$550 per annum to \$8,530 (with a transitional period where the fee is increased to \$6,730).



This is a tenfold increase in fees which to a newly established business, in the current business and export environment, represents a huge barrier to contemplating an export program.

Indeed, since February, we had signed a contract of supply to send fruit to the United State of America. We had also intended on sending fruit to Thailand and Canada. However it appears that this will no longer be possible due to the increased fees.

How many other businesses such as ours, that were going to register to test overseas markets will not do so now? How many export dollars are being kept out of the country because of this decision?

I note that there are only 136 proposed licenses that are projected to be issued under the new fee structure, with a projected revenue to the government of \$1,158,266.

Has anyone calculated how much that the measly \$1.5 million (to the government that is, that spends countless other dollars on things that do not earn the country a cent) will cost this nation in terms of export dollars.

Fees like this discourage new entrants into export markets.

Fees like this have convinced us that this year, and possibly not for a number more years, we will not be able to justify sending our fruit overseas.

For every decision not to send fruit to markets such as China so as to cultivate their taste for fruits such as blood oranges, it gives our competitor countries an added advantage over and above the advantages they have with respect to low cost labour and lax chemical and OHS standards.



My question to you is simple:

- 1. "Why can't the fee be tiered or rebated for small, emerging, or first time exporters?"**
- 2. "What actions is MAFF taking help Australian producers access and develop export oriented businesses?"**

I would very much appreciate a response to these two direct questions.

2. OPENING MARKETS

Not only is our own Federal Government increasing its fees that place an undue barrier on new entrants to exporting, the Federal Government is failing to ensure that we even have access to key markets such as Japan.

The last time the Federal Government gained access to a major market was China in 2006. Unfortunately the strict phytosanitary regulations agreed between our nations make it very difficult, but not impossible to achieve an export program.

Not so with Japan. Despite discussing the matters with many government officials, Australia agreement with Japan is inept in handling new specie access especially under cold dis-infestation procedures.

To the Australian and Japanese officials, who negotiated a variety specific agreement as opposed to a all encompassing citrus agreement as with respect to all other countries we can export citrus to, each type of citrus must be negotiated separately.

Why this arrangement with such an important trading partner was allowed to be framed in this way is not known to me. However clearly, the Navel specific agreement is well out of date and needs reviewing urgently. The blood orange variety alone could inject many tens millions of dollars in terms of export dollars, into our balance of trade.



My question is:

3. "Given the parlous state of the Australian citrus industry, and the desire of the Japanese for clean, safe food (aka fukushima), will the Australian Federal Government seek to urgently open the Japanese market for all citrus varieties"

3. UNFAIR COMPETITION

You must be aware that the Australian market is flooded, literally with citrus juice and citrus juice concentrate that is sourced from overseas countries and mainly Brazil. In response to these pressures many growers pulled out their juicing varieties.

Many however persist with trying to provide Australians with the best quality citrus juices that meet Australia's exacting standards. Our standards with respect to the chemicals we can use and the residues that remain, are among the highest in the world I believe.

What concerns me is the fact that other imported juices do not appear to be judged by the same standards.

For instance, recently Brazillian orange juice was found to be contaminated with carbendazim. This is a fungicide that is banned in Australia due to its carcinogenic properties. Put simple, it's a poison that makes people sick.

The US response, whom I have always considered to have lower standards than ours, was to ban the import of such contaminated juice.

Because of the ban in most developed nations including USA, the producers of this laced juice found Australia to be a dumping ground, with us growers barely able to match the pricing.



The Australian response was to let it in. To my knowledge it was not deemed at an "unsafe" level. If the levels found were not "unsafe" why was it banned? Would Australian fruit with such levels be deemed "safe".

It goes against logic to suggest that the two positions taken by Australian government authorities, can be reconciled.

My question to you is thus:

4. "What can the Federal Government do to ensure that local producers are competing on a level playing field and particularly to ensure that overseas sourced products meet exactly the same standards as would be imposed on local agricultural producers."

Minister, I truly look forward to having your views on these pressing issues.

Issues like these may well prove to be the final straw for small, family based operations that are the lifeblood of rural Australia. No one can farm as efficiently as us. Big operations come and go, rather quickly once equity dries up and the well-paid managers leave town leaving shells of once prosperous communities.

Please, in the year of the farmer, grant us your ear, let us have your support, please.

Yours Sincerely

Vito Mancini

Director

Redbelly Citrus Pty Ltd

Tobbed Mancini 3/7.



Senator the Hon. Joe Ludwig

**Minister for Agriculture, Fisheries and Forestry
Senator for Queensland**

REF: MNMC2012-05150

Mr Vito Mancini
Director
Redbelly Citrus Pty Ltd

Dear Mr Mancini

Thank you for your correspondence of 13 July 2012 about horticulture export fees and charges, market access and chemical residue restrictions on imported orange juice. I regret the delay in responding.

The Department of Agriculture, Fisheries and Forestry is obliged to recover costs of providing export certification services, which are subject to the Australian Government's cost recovery policy.

However, when Labor was elected in late 2007, export certification services were part-funded by the taxpayer, which led to bloated and inefficient service delivery. The taxpayer subsidy was due to terminate in 2009 and the Coalition made no provision to extend the subsidy in official budget documents or in its 2007 election platform.

Recognising the inefficiencies in the system, in 2009, the Government delayed the termination of the subsidy through its \$127.4 million Export Certification Reform Package which has identified and implemented efficiencies in service delivery across the board.

Efficiencies in program delivery were identified to an estimated value of \$1.2 million per annum and have been implemented in the horticulture program after a process of considerable consultation. The new fees and charges that impact upon your business were subject to the same process of consultation. Citrus exporters were represented in those discussions by nominees of Citrus Australia Limited.

The new fee schedule reflects the complex inspection, audit and certification environment and the level of work that is required by the department to maintain Australian export certification standards.

The effort of regulating establishments in each of the three tiers has been calculated based on the relative effort required by the department to support access to a particular market type. The increase in registration fees has been offset by the reduction in fee-for-service and electronic documentation charges and the removal of the tonnage charge. The majority of businesses will experience an overall reduction in fees.

I made an offer to export certification user groups to provide up to \$6.5 million in transitional assistance over three years, which will be used to set the industry account at a zero balance (wiping an accumulated under-collection), provide fee relief against 2011-12 fees and support fee relief against the new registration charges for this and the next financial year. Transitional assistance will be applied once legislative instruments that underpin new arrangements have been subjected to parliamentary scrutiny.

I have asked the department to continue its work with exporters on service delivery and cost recovery issues. The department is establishing a Horticulture Industry Consultative Committee to continue to provide advice on improvements to service delivery to reduce the cost of export certification while maintaining Australia's reputation as a supplier of high-quality plant products. Further information about the consultative group is available by emailing HorticultureExportsProgramACT@daff.gov.au.

In response to your question about market access to Japan, the department has advised me that restrictions on the types of citrus that can be exported to Japan under a cold disinfestation pathway apply to all countries and not just Australia. The department will continue to raise this matter with Japan and the issue of acceptance of blood oranges has been added to the agenda for the next technical meeting with Japan later this year.

The Government understands that concerns about imported orange juice being contaminated with carbendazim have been enhanced since the United States suspended imports of orange juice from Brazil earlier this year. All imported food offered for sale in Australia must meet the food safety standards and labelling requirements set out in the Australia New Zealand Food Standards Code. Food Standards Australia New Zealand (FSANZ) is responsible for developing and maintaining the code. FSANZ ensures that chemical residue standards in food are within levels known to be safe for human consumption.

FSANZ has advised consumers not to be concerned about drinking orange juice, as exposure to carbendazim through consuming juices is extremely low. FSANZ estimates, for example, a 70-kilogram adult would need to consume 150 litres of contaminated orange juice in a day before exceeding the safe level of exposure to carbendazim.

I trust this information is of assistance to you.

Yours sincerely

Joe Ludwig

Minister for Agriculture, Fisheries and Forestry
Senator for Queensland



September 2012



17 SEP 2012

Senator the Hon. Joe Ludwig

Minister for Agriculture, Fisheries and Forestry
Senator for Queensland

REF: MNMC2012-05413

Mr Michael McCormack MP
Member for Riverina
Suite 2, 11-15 Fitzmaurice Street
WAGGA WAGGA NSW 2650

Dear Mr McCormack

Thank you for your representation of 25 July 2012 on behalf of your constituents in the Riverina citrus industry about horticulture export fees and charges, market access and chemical residue restrictions on imported orange juice. I have received similar correspondence from growers in your area and have responded to them along similar lines. I regret the delay in responding.

The Department of Agriculture, Fisheries and Forestry is obliged to recover costs of providing export certification services, which are subject to the Australian Government's cost recovery policy.

However, when Labor was elected in late 2007, export certification services were part-funded by the taxpayer, which led to bloated and inefficient service delivery. The taxpayer subsidy was due to terminate in 2009 and the Coalition made no provision to extend the subsidy in official budget documents or in its 2007 election platform.

Recognising the inefficiencies in the system, in 2009, the Government delayed the termination of the subsidy through its \$127.4 million Export Certification Reform Package which has identified and implemented efficiencies in service delivery across the board.

Efficiencies in program delivery have been implemented to an estimated value of \$1.2 million per annum in the horticulture program after a process of considerable consultation. The new fees and charges that impact upon the businesses of exporters in your electorate were subject to the same process of consultation and had been in circulation for at least a year prior to implementation. Citrus exporters were represented in those discussions by nominees of Citrus Australia Limited. The new fee schedule reflects the complex inspection, audit and certification environment and the level of work that is required by the department to maintain Australian export certification standards.

The effort of regulating establishments in each of the three tiers has been calculated based on the relative effort required by the department to support access to a particular market type. The increase in registration fees has been offset by the reduction in fee-for-service and electronic documentation charges and the removal of the tonnage charge. The majority of businesses will experience an overall reduction in fees in real terms.

I made an offer to export certification user groups to provide up to \$6.5 million in transitional assistance over three years, which will be used to set the industry account at a zero balance (wiping an accumulated under-collection), provide fee relief against 2011-12 fees and support fee relief against the new registration charges for this and the next financial year. Transitional assistance will be applied once legislative instruments that underpin new arrangements have been subjected to parliamentary scrutiny.

I have asked the department to continue its work with exporters on service delivery and cost recovery issues. The department is establishing a Horticulture Industry Consultative Committee to continue to provide advice on improvements to service delivery to further reduce the cost of export certification while maintaining Australia's reputation as a supplier of high-quality plant products.

In response to your comment about market access to Japan, the department has advised me that restrictions on the types of citrus that can be exported to Japan under a cold disinfestation pathway apply to all countries and not just Australia. The department will continue to raise this matter with Japan and the issue of acceptance of blood oranges has been added to the agenda for the next technical meeting with Japan later this year.

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I trust this information is of assistance.

Yours sincerely

Joe Ludwig

Minister for Agriculture, Fisheries and Forestry
Senator for Queensland

12 September 2012