

# CHAPTER FOUR

## Impact of citrus canker on the Australian citrus industry

### The Australian citrus industry

4.1 The citrus industry is one of Australia's larger horticultural industries, with citrus production averaging approximately 680 000 tonnes over the past five years. The citrus industry is also Australia's largest fresh fruit exporting industry, with citrus exports of \$201 million in 2002/03 and \$153 million in 2003/04. The gross value of national production was more than \$508 million in 2002/03, of which Queensland produced approximately 22 percent.<sup>1</sup>

4.2 The Queensland Department of Primary Industries and Fisheries' submission stated that from the perspective of the Australian citrus industry as a whole, "the loss of production at Emerald will have little impact" and offered this explanation:

In fact, Mr Barry Scott, General Manager of Gayndah Packers Cooperative Association is quoted in the 12 May 2005 'Queensland Country Life' as saying that 'prices were slightly higher than last year, due to Emerald's absence from the market'. Therefore, there has been an incentive under current arrangements for other districts to keep Emerald out of the domestic market for competitive purposes.<sup>2</sup>

### *Citrus plantations in Emerald*

4.3 Emerald is a relatively new area for citrus growing. However, production has increased significantly over recent years – by 140.7 percent between 1993 and 2001 – and the region now produces over half of the total value of fruit and vegetable production for the region. Prior to the outbreak of citrus canker in the Emerald district, the local industry had expanded to approximately 472 000 trees, which represented 25 percent of the Queensland industry and around five percent of the national industry.<sup>3</sup>

4.4 Unfortunately, Emerald citrus growers had no other crops to fall back on. Growcom explained that horticultural enterprises in Emerald "tend to have a relatively high degree of specialisation in one or two crops, for example citrus and table grapes, with minor production of others". It also pointed out that the citrus farms tend to be above that of the industry average.<sup>4</sup> Since it is in their area that

---

1 *Submission 9*, Department of Primary Industries and Fisheries, Queensland, p. 30, and *Submission 11*, Growcom, Appendix B, p.14

2 *Submission 9*, Department of Primary Industries and Fisheries, Queensland, p. 30

3 *Submission 9*, Department of Primary Industries and Fisheries, Queensland, p. 30

4 *Submission 11*, Growcom, Appendix B, p.14

canker had been found, the Emerald growers had been hit the hardest. Mr Nick Ulcoq of the Queensland Citrus Growers estimated their financial losses as "conservatively...at over \$100 million."<sup>5</sup>

4.5 According to the 2PH Farms' submission, prior to the citrus canker outbreak, the number of citrus trees in the Emerald district could be estimated as follows:

•	Evergreen Farms	152 000
•	2PH Farms	243 000
•	Joe Cordoma	40 000
•	Cottrell's	30 000
•	Selma Citrus (Iddles)	7 000
	<b>Total citrus trees</b>	<b>472 000</b>

4.6 The 2PH submission also summarised the average gross value of production (per tree) from the different varieties of citrus planted in the area as follows:

•	Lemon Trees	\$300
•	Imperial Mandarin	\$120
•	Murcott Mandarin	\$120
•	Orange	\$100
	<b>Average gross return</b>	<b>\$150</b>

4.7 Based on these figures, it was argued that the total gross revenue for the Emerald district prior to the citrus canker outbreak could have been as high as \$70.8 million per year.<sup>6</sup> 2PH also estimated that since the citrus canker incursion, the employment of approximately 700 casual employees and 100 permanent employees has been terminated or downgraded.<sup>7</sup>

4.8 The President of Queensland Citrus Growers described the impact of the outbreak on the citrus industry in his state in the following terms:

The disease outbreak has had a significant impact on the Queensland citrus industry and, in many aspects, these consequences continue to compound day by day...There was a blanket ban put on all Queensland citrus to interstate markets at the height of our season in 2004 and, even when access

---

5 Mr Nick Ulcoq, Queensland Citrus Growers, *Committee Hansard*, 15 June 2005, p. 45

6 *Submission 5*, 2PH Farms, Annexure A, p. 3

7 *Submission 5*, 2PH Farms, p. 4

---

was restored three to four weeks later, the fall-out ruined the rest of the season for all growers.<sup>8</sup>

4.9 The committee notes reports from the Queensland Government, that as at 10 February 2006, approximately 490 000 citrus trees had been destroyed by the National Citrus Canker Eradication Program (NCCEP) in the Pest Quarantine Area (PQA) – an area of around 3 000 square kilometres centred around the town of Emerald. The NCCEP has also destroyed 175 000 native citrus or citrus glauca which are hosts to citrus canker.<sup>9</sup>

4.10 Mr Craig Edmonston, President of the Emerald Chamber of Commerce, told the committee about the impact the canker outbreak was having on the community:

We have seen the devastation caused to the growers who are involved, and the chamber of commerce fully supports compensation as an immediate resolution to their problem. The flow-on effect is throughout this community and also much wider than the community. We are having problems in that trucks that carted citrus or produce in or out of this community were doing other service drops along the way. Little shops in the southern areas between where this stuff comes from or goes to are having problems getting small deliveries.

It is difficult to put a figure on what the actual monetary cost is to this community, but it is our view that every business in Emerald and the surrounding areas has been affected one way or another, either directly or indirectly.<sup>10</sup>

### ***Impact on individual growers***

4.11 The financial and emotional impact of the citrus canker outbreak on individual growers and their families is of particular concern to the committee. Mr Joe Cordoma described what he saw as a lack of cooperation between the state and federal governments, and was particularly critical of the role played by the Queensland department in providing poor advice regarding market access.<sup>11</sup>

4.12 The committee is aware that the Queensland Minister for Primary Industries and Fisheries encouraged citrus growers to maintain their orchards suggesting that there was a real possibility that they might gain access to domestic markets even after canker had been found on other farms in the area. This had a disastrous impact on some growers. In his submission, Mr Cordoma indicated that the Minister's staff as well as staff of the Queensland department:

---

8 Mr Nick Ulcoq, Queensland Citrus Growers, *Committee Hansard*, 15 June 2005, p. 45

9 Media Release, *Fight against citrus canker succeeding*, 10 February 2006, p. 1

10 Mr Craig Edmonston, *Committee Hansard*, 28 July 2005, p. 45

11 Mr Joe Cordoma, Cordoma Farms, *Committee Hansard*, 28 July 2005, p. 29

... all instructed me to continue to maintain my orchards, as they were confident that they would be able to open the domestic market for Emerald growers. This did not happen, and, as a result, I now have some three (3) million dollars of citrus fruit rotting on the trees.<sup>12</sup>

4.13 Mr Cordoma also told the committee that, as a result of the canker outbreak:

... the impact on my family's health and financial stability, my own health has deteriorated considerably causing stress related diabetes, plus the ongoing financial burden placed upon the family Cordoma Farms, has a severe adverse effect on my ongoing debt reduction ability.<sup>13</sup>

4.14 Another Emerald citrus grower, Mr Maurice Iddles told the committee that after being employed in the building industry for most of his working life, he and his wife had invested the majority of their superannuation in a 40-acre citrus farm. As a result of citrus canker being found on their property (referred to as IP3 in several submissions) all trees had been destroyed and the family was facing bankruptcy.<sup>14</sup>

4.15 Asked about his eligibility for assistance from the state government, Mr Iddles explained to the committee that he was only eligible for loans but not for compensation for losses suffered:

I do not know whether you are aware of it but the only thing we can apply for from the state government is a loan for up to \$500,000 with no interest for two years. We can go to QRAA and try to apply for money from them, but we are in no position to be borrowing any more money.<sup>15</sup>

4.16 On 10 August 2005, the then Queensland Minister for Primary Industries and Fisheries, Mr Gordon Nuttall indicated in a media release that it was one of his priorities, in his first days in the Primary Industries and Fisheries Portfolio, to provide aid to the families affected by the citrus canker outbreak. The Minister indicated that separate to the provision of the Citrus Canker Reimbursement Package:

... it is expected by both the Federal and State governments that through the collaborative efforts of the Queensland citrus industry, one other grower who has already seen his citrus trees destroyed will be afforded some direct financial assistance.<sup>16</sup>

---

12 *Submission 6*, Cordoma Farms, p. 1

13 *Submission 6*, Cordoma Farms, p. 1

14 Mr Maurice Iddles, Selma Citrus, *Committee Hansard*, 28 July 2005, p. 2

15 Mr Maurice Iddles, Selma Citrus, *Committee Hansard*, 28 July 2005, p. 3

16 Media Release, *Minister Announces Package for Emerald Citrus Growers*, Queensland Government, 10 August 2005, p. 2

4.17 In spite of those comments, the Committee understands that Mr Iddles did not receive any compensation package from the state government but received an 'act of grace payment' from the federal government.

### *Assistance packages*

4.18 In the absence of clear guidelines on compensation for growers affected by citrus canker, the growers experienced some serious difficulties before any financial help was forthcoming. However, after six months, both the federal and Queensland governments announced assistance and later compensation packages. A table listing all the different financial packages made available to citrus growers in Emerald is at **Appendix 4**.

### *Queensland government packages*

4.19 The first interim assistance package was announced by the Queensland Government, in response to a request for \$1.22 million for orchard maintenance by the Queensland Citrus Growers (QCG) group. Although the state government had at first refused the \$1.22 million request, the Queensland Premier announced on 1 February 2005, that a sum of \$55,000 would be made available for two 'at-risk' growers to take necessary action to ensure the mature lemons and limes on their properties did not become a pest risk. Both growers met their contractual arrangements and the full payment was made by the Queensland department.

### *Citrus industry recovery scheme*

4.20 The Queensland Government announced the Citrus Industry Recovery Scheme on 9 February 2005 and it became available on 24 February 2005. The scheme (a loan offer) was to assist those Queensland growers who had a crop available for harvesting in 2005 or 2006 to recover from the impacts of the citrus canker outbreak<sup>17</sup> and to maintain their viability. The assistance offered included:

- access to loans – with maximum lending amounts for eligible applicants of up to \$500,000;
- a two-year interest-free period for Emerald growers;
- approved applicants from outside of the Emerald local government area, would be subject to Queensland Rural Adjustment Authority (QRAA) fixed term interest rates of either one or three years; and
- no fees and charges on QRAA loans.

4.21 Because of market uncertainty and concerns about increasing their debt commitments, Emerald growers were not keen to access the loan package. The scheme was later modified to allow the two smaller growers – who were more

---

17 Website: Queensland Rural Adjustment Authority – [www.qraa.qld.gov.au](http://www.qraa.qld.gov.au) and *Submission 9*, Department of Primary Industries and Fisheries, Queensland, p. 32

dependent on the domestic market – to use the loans to refinance up to \$500,000 of existing debt.<sup>18</sup>

4.22 On 24 May 2005, the Queensland government announced that it would make a further \$300,000 available to enter into contracts with growers to maintain effective disease control. However, following the National Management Group's decision on 3 June 2005 to destroy all trees in the Emerald area, there was no longer a need for the Queensland government to enter into these contracts and the funding was withdrawn.<sup>19</sup>

#### *Non-financial assistance*

4.23 On 14 April 2005, the Primary Industries Ministerial Council noted a paper prepared by a Primary Industries Standing Committee working group. The paper, titled *Citrus Canker Transitional Adjustment Issues* outlined a range of support measure for growers. The Queensland Department of Primary Industries and Fisheries actioned the following measures:

- briefing relevant financial institutions;
- ensuring growers had access to farm financial counsellors; and
- assisting Emerald citrus growers with the identification of production alternatives.<sup>20</sup>

#### *Australian government citrus canker assistance package*

4.24 The Australian Government's Citrus Canker Assistance Package was announced by the then Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss, on 11 February 2005. The \$1.5 million package was made available to Queensland citrus growers and production nurseries facing serious financial pressure due to the outbreak of citrus canker in 2004. The package included measures such as an interest rate subsidy (paying 50% of interest up to \$100,000 per year for two years), income support at a similar rate to the Newstart Allowance and a market facilitation project.

#### *Combined governments citrus canker reimbursement package*

4.25 Finally, both governments combined forces to offer the Citrus Canker Reimbursement Package which was announced by the Hon. Peter McGauran, Federal Minister for Agriculture, Fisheries and Forestry and Mr Gordon Nuttall, the

---

18 *Submission 9*, Department of Primary Industries and Fisheries, Queensland, p. 32

19 *Submission 9*, Department of Primary Industries and Fisheries, Queensland, p. 32

20 *Submission 9*, Department of Primary Industries and Fisheries, Queensland, pp. 31 and 32

---

then Queensland Minister for Primary Industries and Fisheries on 10 August 2005.<sup>21</sup>

4.26 The Reimbursement Package of \$11.5 million was designed to provide reimbursement and re-establishment payments for 115,000 non-infested trees destroyed after 3 June 2005. Eligible growers were entitled to apply for:

- a reimbursement payment of \$80 per citrus tree; and
- \$20 for each tree for the re-establishment of a citrus orchard.

4.27 The reimbursement assistance of \$80 per tree was paid in two instalments. The first payment of \$40 per tree was paid when the trees were cut down and stacked for burning, and the second \$40 instalment was paid in November 2005. The replanting assistance of \$20 per tree is due to be paid in the 2007-08 financial year. When combined with the payments made to the growers to remove their own trees, eligible growers can receive total payments of up to \$120 per year.<sup>22</sup>

4.28 The package was funded by 40% contributions from the Commonwealth and Queensland Governments and a 20% contribution from the citrus industry. The primary industry Ministers from other states and territories had been requested to contribute, but the package did not gain their support.

---

21 Media Release, *Minister Announces Package for Emerald Citrus Growers*, Queensland Government, 10 August 2005, p. 1

22 Queensland Department of Primary Industries and Fisheries, *Canker Community Newsletter*, Issue No. 3, 23 September 2005, p. 2

