



**Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
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Australia**

This submission is from the Griffith and District Citrus Growers Association. The committee represents the citrus growers in the Griffith and District area (Riverina area) and has been in existence for over 20 years. The association comprises primarily of citrus farmers but also includes packers and exporters. The Riverina area consisting of over 430 farmers contributes significantly to one of the largest fresh fruit industries in Australia

Scale and structure of the industry;

- The area of citrus in the Riverina has increased from 8,317 hectares in 2004 to 8,480 hectares in 2008 then to 8,800 hectares in 2011.
- The overall change from 2003 to 2011 is a 6% increase in area planted (483 hectares) and an 8% increase in tree numbers (272,464 trees). Citrus is predominantly drip irrigated and grown on Trifoliata rootstock.
- The dominant Riverina Citrus variety grown is Valencia followed by Washington Navel, Late Lanes and Navelina. In the last few years the average property size has increased from 15.2 – 17.2 hectares.

In summary for Riverina Citrus:

- In 2011; 8,800 hectares of citrus (3,586,241 trees) across 513 citrus properties were mapped
- Riverina predominantly grows Valencia oranges
- The area of citrus increased from 8,317 hectares in 2003 to 8,480 hectares in 2008 and 8,800 hectares in 2011
- The number of citrus trees increased from 3,313,777 in 2003 to 3,456,661 in 2008 to 3,586,241 in 2011
- The number of citrus growers declined from 547 in 2003 to 509 in 2008 and increased to 513 in 2011; the average citrus area per property increased from 15.2 hectares in 2003 to 16.7 hectares in 2008 and 17.2 hectares in 2011
- Citrus in the Riverina is predominantly drip irrigated and grown on a Trifoliata rootstock.

Table of Contents

NATIONAL PESTS OF SIGNIFICANT EXPORT - IMPACTS ON INDUSTRY	3
QUEENSLAND FRUIT FLY	3
FULLERS ROSE WEEVIL TYPES	3
IMPACTS TO THE FARMER:	3
TRANSPARENT FOOD LABELLING	4
FOOD SECURITY	6
FOOD TESTING TO AUSTRALIAN STANDARDS	7
EXTERNAL DISEASE THREATS	7
ADEQUACY AND EFFICIENCY OF SUPPLY CHAINS IN THE AUSTRALIAN MARKET;	8
QUALITY ASSURANCE STANDARDS	9
ACCESS TO FINANCE	9
ASSISTANCE IN BRANDING AGRICULTURE INTERNATIONALLY	9
AQIS/DAFF/DoA REFORM	11
CSG PROGRAMS WITHIN SIGNIFICANT AREA'S OF FOOD PRODUCTION	12
IMPACTS OF PETROLEUM EXPLORATION	13

National Pests of Significant Export - Impacts on industry

Queensland Fruit Fly

Queensland Fruit fly has always been of great concern to this region. Systematic reduction in funding and resources from the NSW state Department of Industry and Investment towards the control of Queensland Fruit Fly places the region into high risk category when accessing international markets in particular the US market which significant to our export market.

This pest is not only a threat in market closure for the US but also drives up costs in two sections of the industry:

- Weekly treatments: - Our growers, by legislation, have to treat their orchards with weekly treatments to control the pest
- Exports: - to most of our major trading partners including New Zealand, Japan, Korea and China have to be treated by a treatment called "Cold Dis-infestation" adding extra cost and with the potential to lower fruit quality
- National significance: - all of these pests listed are pests of national significance, that is, they also negatively impact, placing barriers when accessing trade throughout Australia.

Fullers Rose Weevil types

Many of our Asian export markets have strict requirements on Fuller's Rose Weevil that creates an extreme level of work in orchard to contain the pest. Although this pest is of little impact on the environment, it is thought of more as a phytosanitary trade barrier. Research has been significantly ineffective on developing methods to control the pest in a cost effective manner.

Impacts to the farmer:

- Increased costs for orchard compliance,
- Increased costs for export compliance,
- Restricts market potential internationally
- Restricts market potential nationally in Australia

Recommendation:

- Ongoing support for research & development into pest control.
- The Minister for Agricultural investigate effective means of controlling these pests across the citrus growing areas
- Negotiate fair trade in regards to the fruit fly issues
- Negotiate fair and equitable import/export access arrangements with all trading countries. (e.g. there appears to be a perception that our Southern Hemisphere competitors in Chile, Peru, and South America appear are more active and on the front line with their negotiations, compared to Australia)

- Task our national Agriculture Minister with controlling these pests or mitigating the trade impacts that arise
- Ongoing support for research & development into new citrus varieties
- Ongoing support for research & development into improving production practices
- Reducing costs of inter-state movement of citrus products by standardising and streamlining the quarantine regulations of each state and territory
- Reducing the production costs facing growers, including the price of quarantine inspections and carbon tax increases in electricity and fuel costs

TRANSPARENT FOOD LABELLING

Grocery products are a highly competitive environment in the Australian market place and it is increasingly important to deliver a point of difference for products to survive. The lack of progress, in improving Australia's labelling laws, identifying the country of origin is an ongoing concern. It is of paramount importance that the shopper is assisted in their choice of products through clear labelling into country of origin. In the Citrus sector this would greatly assist shoppers when choosing products.

Some examples which are confusing to the shopper would be:

- Made in Australia from Imported and Local Ingredients
- Made in Australia from Local and Imported Ingredients
- Packaged in Australia from Imported and Local Ingredients
- Packaged in Australia from Local and Imported Ingredients

Senate enquiry into citrus industry – Griffith and District Citrus Growers submission

- Made in Australia from Imported and Local ingredients when available

The position that Australia has adopted towards the labelling issues has allowed manufacturers to take the easier adoption of labelling practice to confuse the shopper. For example including the packaging product plus the content to make the higher percentage which would show it be proportionally an Australian product, does not reflect the true percentage of the actual consumable product which is contained in the package fact, where the product is constantly derives a significant portion of its contents from an imported source.

For example, the excerpt below illustrates that although the significant product purchased (ie Orange Juice) is imported, if the total costs of the saleable item is Australian (packaging, label etc) then the product is deemed to be Made In Australia.

Excerpts from the NSW Dept of Fair Trading regarding Country of Origin claims:

http://www.fairtrading.nsw.gov.au/Businesses/Acceptable_business_conduct/Country_of_origin_claims.html 'Made in' claims

For your business to claim goods are 'made in' a particular country:

- the goods must be substantially transformed in that country
- 50 per cent or more of the cost of producing or manufacturing the goods must be incurred in that country.

Australian Citrus farmers think it's unfair that a product can be merely 50% to be allowed the 'Made In Australia' tag. We as Australia's are proud of the Australian name and don't believe that 51% content makes a product truly Australian. The consumer should have the freedom and the right to choose a product through clear and authentic labelling.

The Australian Government can help by introducing 'Authenticity of Labelling' through the following:

- Improve laws to clarify the origin of product to be defined (Name the source origin)
- Improve laws to clarify the actual percentage content of foreign juice
- Change the definition of using terms such as 'made in Australia' or sourced to be a minimum of 99% Australian content.
- Enforce a new term for manufacturing and processing called "Processed in Australia" and/or "Packaged in Australia"
- Change regulations to call any product (citrus juice) that has more than 75% of content as a strictly imported product.

Other countries have implemented similar approaches to labelling which gives their consumers the ability to purchase fairly based on clear and concise information. The above mentioned benefits can and will revolutionise Australia's Juice sector and will have ramifications across the board to all fruit and vegetable growers who suffer from import substitution. Product manufacturers may resist these methods as cost prohibitive for implementation; however, the difference both to the consumer looking for the product of choice as well as helping Australia's farming sectors by allowing their products to be authentically labelled will ultimately also benefit the manufacturer.

FOOD SECURITY

Australia has had a strong and reputable history in food production. Our food security has been strong with food production having been competitive and profitable with many family farms needing only the cost of production to make the livelihood viable. The experience of poor citrus prices over the last few years, has seen farmers having to grapple with the costs of running business's with no returns and being unable to input into capital or invest into new technologies.

We feel that this will lead to a point in time where the production of certain staples such as citrus may need to be imported to suffice local demands hence causing issues in food securities.

In our sector, one should easily look at the import data of frozen orange juice concentrate(FJOC). Over the last 20 years, the data suggests that we import approximately 3 times more juice equivalent than what is produced in all of Australia. The Carbendazim scare of 2012 almost led to the inability to supply the market with FJOC products, this statement was made at the Senate Enquiry into the Citrus Industry 2013 by the representatives of the fruit juice processing sector.

FOOD TESTING TO AUSTRALIAN STANDARDS

Leading from the comment above, to explain more clearly, in 2012 the USA banned the importation of Brazilian FJOC because of the presence of Carbendazim, a known carcinogen. Carbendazim has been banned for use in Australia for almost a decade because of its proven effects to humans, The USA, followed by many leading world nations, sought to ban the importation of the juice sighting the presence of this chemical. Australia raised a ban which lasted all but 4 days until it was overturned by lobbying.

The issue we face here in Australian growing conditions is that we send mixed signals. As growers, we understand the reasons for banning the use of chemicals with proven health effects but do not understand why:

- (a) Australia does not actively test the imports of food products into Australia for:
 - 1. A more comprehensive level of chemicals;
 - 2. A more comprehensive percentage of imports as to the same levels as some of our more prominent Asian countries strive.
- (b) Set the Maximum Residue Limits (MRL's) of foods in Australia to be next to Nil in respects to chemicals that are banned for use in Australia.

It only makes sense that if the chemical is not good enough to be used on Australian crops, why is it good enough to be consumed in imported goods.

External Disease Threats

As we all appreciate, Australia with its island nature, is placed to be able to keep many biological threats at bay. It is imperative that we keep our borders strong with vigilance in import inspection and testing. We feel that the costs for this should be borne on the exporter as it is a cost of doing business in Australia.

Adequacy and efficiency of supply chains in the Australian market;

The citrus industry's regional areas are detrimentally affected by distance to the capital cities export ports centre. The distance increases the cost of freight and inhibiting the supply chain. Efficient infrastructure for the delivery of produce to the markets would be paramount for the agricultural sector to continue to remain sustainable.

Farmers have over the last two decades placed a priority on water use efficiency and soil moisture management. Technologies such as drip irrigation, High pressure delivery systems and remote soil moisture monitoring contributed towards our farmers being some of the most efficient and effective water users in the world. Most of the technologies developed to gain this efficiency use high volumes of electricity and over the last few years the cost/efficiency has dwindled. Our farmers are struggling at the high cost of power and this has impeded further adoption of new technology. Renewed focus on the development of solar power with subsidies would greatly help balance the cost of future development of far efficiencies.

Expenses associated with Certification of export consignments in comparison with our competitors are far more expensive and efforts need to be made to streamline these processes. Our Governments' DAFF has increased the charges required to register and certify goods for export, this charge has increased from an acceptable \$550 per annum to over \$8000 per annum over 3 years. Pack houses area left to absorb these costs since is a compulsory requirement to allow fruit to be sold on the export market.

Quality Assurance Standards

In Australia's supply chain, Quality Assurance (QA) is an important factor in delivering a safe product to consumers through procedures and documented processes. This is however leading to a higher cost of delivering service as many of our supply markets have developed their own specialised and unique QA systems requiring multiple audits per year. The costs of some of these audits can be in excess of \$5000.

The ways in which the Government can help improve the supply chain issues facing Australian citrus include:

- Assistance around cost of freight
 - Reducing taxes on fuel and electricity
 - Developing a program that can support high water use efficiency with renewable power generation. Help facilitate export by driving the costs of business down, for example: Government DAFF charges.
- Streamline the certification of export consignments to help make our export sector more competitive

Access to finance

Finance is possibly one of the hardest parts of entering the Ag sector and staying in the Ag sector. It is well documented that the Net returns are quite slim to most industries and the fight to enter new markets and adopt new technologies is difficult as funding is in almost all cases, the most integral part of turning a business around.

Assistance in branding Agriculture internationally

In a visit made by Citrus representatives to China in 2008, it was noted that many importers made reference to the poor nature of promotion within the horticultural sectors of Australia. This is true with very little to almost no recognition of Citrus from Australia in many of these markets. Australia should look to develop an encompassing brand portfolio for horticulture and develop the smarts to help drive awareness through more of the developing countries which are the highest growth markets for many of our horticultural commodities.

Inhibitors for export and export growth;

To alleviate the inhibitors of the Citrus Industry and open up opportunities the focus on the following would be imperative:

- Quicker results from market access negotiations
 - Speeding up Free Trade Agreement negotiations which will reduce tariffs on our export products
 - Establish a Federal department for export facilitation and risk mitigation. To assist with such matters as managing a partnership between AusTrade and EFIC, assist exporters with background checks of importers, payment recovery, insurance of contract of sale etc.
 - Allocating more resources to achieve quicker results from market access negotiations Senate enquiry into citrus industry – Griffith and District Citrus Growers submission
 - Reducing the production costs facing growers, including the price of quarantine inspections and carbon tax increases in electricity and fuel costs
 - Ongoing support for research & development into new citrus varieties and production practices
 - Strict imports guidelines to ensure that they are up to Australian standards and complying with our laws should be applied to all shipments, ensuring that the Australian people are buying a safe produce to Australian standard
- Opportunities: Increased exports to Asia, with increased market share in China, South Korea and Thailand are opportunities but constant focus on these markets are paramount. Improve recently gained access to the Philippines, which is expected to become an important market for Class 2 fruit.

AQIS/DAFF/DoA reform

Griffith and District Citrus Growers Inc refers to matters of export significance to Citrus Australia Ltd who is leading the charge for development of this sector of the industry, we hereby incorporate some of their issues raised:

- The Australian citrus industry is heavily geared for exports.
- While the industry currently exports to over 30 markets, the trade is hampered by difficult quarantine conditions, excessive compliance costs and high tariffs.
- For the industry to remain profitable, improvements are urgently required.
- Disappointingly, government processes for improving market access are cumbersome and the industry has suffered extensive delays in achieving improvements.
- We feel that the Department of Agriculture's current process for assessing and prioritising market access requests is dysfunctional and in need of reform. From our point of view, DoA's market access agenda is not based on sound business cases or return on investment.
- We are also concerned about excessive compliance costs.
- We recognise that export certification services returned to full cost-recovery in 2011 and that reforms to export certification are currently being implemented.
- However, we are concerned that improved efficiencies, the use of co-regulatory agreements and the use of industry based quarantine inspectors have not yet been realised.
- Since the export reform process was initiated, we have in fact seen higher costs in the form of establishment registration charges, higher inspection and documentation charges, and increased auditing regimes.
- The Authorised Officer program, a key feature of the export reforms has little or no acceptance by the overseas authorities and has therefore yielded no benefit to the citrus industry.
- Further, we do not believe that the current cost-recovery model is fair and equitable within the industry or across the horticulture sector.

Citrus Australia's recommendations are that:

- DoA reform its process for prioritising market access requests so that the work it undertakes is based on sound business cases and return on investment.
- DoA place greater effort on gaining importing country acceptance of the Authorised Officer program.
- DoA review its cost-recovery model to ensure that contributions towards program costs are equitably shared among horticulture industry participants.

Furthermore, Griffith and District Citrus Growers Inc would like to add the following points:

The costs of entry into the export arena have made it difficult for smaller and/or new operators to enter and continue exporting. We have seen packhouses in our region drop their certifications, as the costs have been restrictive.

Those that have continued their certification have reported many issues with the most famous quote being: 'AQIS, protecting the world from Australian Citrus'. As cynical as this sounds, it reigns when our exporters look to seek further assistance and clearance of issues to build the export marketplaces. We clearly seek to have a closer bond of DoA to Australian growers and exporters to help build marketplaces through a 'common-sense' approach by reducing compliance issues that add no value to what we do in our sector. We ask this common-sense to be applied to continual enhancements of access arrangements to streamline workplans and facilitate closer relationships with our importing partners who are also as frustrated in our systems as we are.

CSG programs within significant area's of food production

The Riverina region is a principal growing region for citrus along with the Riverland SA, and the Murray Valley surrounding Mildura and districts. The Riverina region, taking in Griffith, Hillston, Leeton, Narranderra and surrounding villages and districts, accounts for 25% of the national citrus output. These growers bring in at the farm gate, \$75 million to the local economies. In turn local packers, juicing companies and food manufacturers take the raw output of these farms and in turn generate further income for the region.

The citrus industry also is a consumer of inputs. The main requisite being clean irrigation water and labour. The delivery of water involves the management of multiple catchments, weirs, canals, levees and pipelines. Importantly it also involves in some cases the management of bores which directly access groundwater from underground aquifers for irrigation. These man made systems interact with natural watercourses including creeks and the Murrumbidgee river and also with underwater groundwater systems that feed the rivers and creeks. The complex hydrological systems are well known/documented and serve as a reminder that the current industry situated in the Riverina is very much dependent on the hydrological system functioning properly.

The utilization of labour is a second input. The sector is large local employer, particularly when regard is had to the associated industries and local businesses set up to pack, process and transport citrus and citrus derived products to the major markets in Australia and overseas.

The citrus industry is quite a sensitive industry particularly in respect to biosecurity issues such as pests and noxious weeds. Delicate

ecological webs operate in the region. Further, as will be explained in more detail below, citrus maturation is sensitive to small hydrocarbon molecules. Indeed ethene is currently used by industry in parts per million concentrations to dissolve chlorophyll in the skin and is a known agent to advance senescence in the fruit.

Culturally, the citrus industry is entwined with local culture including festivals and holidays as the attached photos of the Griffith festival of the gardens in which citrus sculptures line the streets of Griffith which attracts a surprising amount of interest from tourists and media alike. For the reasons stated above, the citrus industry will soon be seeking critical industry cluster status, along with others (rice and wine grapes) in the zones subject to the Applications. Therefore the first reason to reject or withhold consent for the Applications is that it is likely that one or more of citrus, rice or grapes will be successful in its application for critical industry cluster status. This may have future implications for the proponent, Grainger and the NSW govt, should Grainger explore, find reserves, and then be prevented from exploiting them by the NSW government on the application of the critical industry cluster rules.

Impacts of Petroleum Exploration

In addition to the citrus industry being a critical industry, clustered around Griffith, Hillston, Leeton and Narranderra of which in itself, should be in the view of the GDCGA, sufficient alone to prevent granting of Applications, the proposed activities that would be allowed to conduct under an exploration licence would have a detrimental effect on local citrus industries including surveying and land preparation acts prior to drilling and exploratory drilling or test wells. Surveying lands within our areas would in no doubt lead to criss-crossing of the region will permit the spread of noxious pests and weeds by contaminated vehicles and clothing. Griffith and district citrus farmers are already struggling to keep epidemic of pests and weeds localised. This extra activity may tip the balance with respect to the control of certain pests and weeds. Extensive survey work, which may include some underground works, may also impact upon critical irrigation infrastructure that is owned by Murrumbidgee Irrigation that if damaged and results in any delay in the delivery of water during a heat wave such as in the 2012 and 2014 summers, would result in damage to orchards reliant on the on time delivery of clean irrigation water.

It is the drilling of test wells that could prove to be the most risky aspect of the proposed activities of the Applicant. Test wells can be drilled to determine the commercial viability of any reserves discovered. Such wells need water and result in produced water containing drilling fluids and potentially, hydrocarbons and naturally occurring radioactive nuclides.

Not only do the wells produce contaminated fluids at the surface which run the risk of spilling onto adjoining properties or into waterways, but the deep wells that may be drilled to test production run the risk of altering the dynamics of the underground hydrological systems, joining aquifers and coal seams, thereby increasing the chance of contamination of local aquifers which some citrus farmers are completely reliant upon for their orchards (and also for bathing and household uses). Proponents in the past have suggested that the casings and concrete used would prevent such a contaminating event. What is forgotten, is that test drill sites would need to stay uncorroded and contain the test drill and any contamination from drilling fluid or from the coal seam itself, practically forever as a contaminating event that occurs in 30 years from now through a test drill site, is no less deleterious as if it happened now. In fact, as will be visited further below, such future contaminating events would be worse as it would be up to taxpayers to remediate, and not the proponent who may not exist.

Of particular concern to the citrus industry would be the fugitive hydrocarbon emissions made by test wells. As far as we can ascertain, gas wells have not been assessed for their impact on citrus crops. One aspect that would seem worth investigating, is whether any alteration in hydrocarbon concentrations in the orchard level air, would affect the maturing process in citrus which can be driven by simple hydrocarbons such as ethane and related compounds, which may be a component of the produced gas. Similarly, it is known that soil exposed to even low concentrations of natural gas over time has altered ability to sustain vegetation. Studies have shown that the soils exposure to natural gas resulted in tree death and excessive ethene (=ethylene) produced by microbes in the soil. Systems in which natural gas is naturally present may have adapted with the appropriate microbes. The same cannot be said of newly drilled sites and surrounding areas. These areas would have soil biota that may be incompatible with an increase in hydrocarbon loads derived from fugitive emissions from the test well.

The Riverina has marketed itself abroad as a "clean and green", particularly to newly found Chinese and other Asian nations as they do not take uncontaminated food for granted like we do in Australia. It is partly because we have the current approval processes that allows Australian industry to operate in a safe, clean environment which is a valuable asset to food producers. We have been able to say to visiting delegations that visit our part of Australia that we are mining free and free from all other polluting industries. There are not too many places left in Australia where this can be said of a major food producing area.

Exploration for petroleum extraction in our area would influence the social compacts that exist between farmers presently. A situation, could be easily envisaged where neighbour is pitted against

neighbour. The benefits, if any, would be born by the well holder, but the costs may well be spread over the community (including neighbouring properties). The conduct of proponents to sign up farmers under confidentiality has also been a problem in other areas and we would expect that citrus farmers would be no different. By imposing these conditions, or by farmers accepting them, this imposes a high cost on obtaining information which just adds to the potential for disruption of farming activity with the costs that such disruptions bring.

Further, given the recent water cuts to the region, and the high Australian dollar, the current generation of farmers, may see the opportunity of off farm income from gas/oil/coal exploration and/or extraction as unattractive but one which can't be turned down due to economic circumstances. If such farmers take up the offer of land access agreements across the zone, if the scale is large enough, it could reduce the cluster of growers to a piecemeal patchwork collection of farms spread across the region, reducing the overall efficiency of the farms as an industry. Whilst irrelevant to the present determination, if granted and production eventuates, this could be exacerbated, turning a food bowl, into a food strainer, with a patchwork of dead or unproductive land embedded in what is hopefully still productive farmland. By denying an exploration license, it ensures that the farming industries, including and in particular, the citrus industry, does not suffer this fate at the hands of a mining exploration company.

This takes us to our final point. Companies that seek to conduct exploration works must be capitalized to conduct all remediation works associated with their exploration. Too often communities are left with abandoned mines and abandoned wells with no one to pay for their remediation. There are an estimated 574 orphaned mine sites in NSW alone . Shown below is a map showing their distribution in NSW.

We believe that there should be baselines systems in place under the guidance of the EPA that conduct baseline hydrocarbon and radionuclide testing in both the atmosphere and ground/surface water systems at any test drill site and at major sites of significance, eg the Murrumbidgee river, certain aquifers etc. and the preparations of an Agricultural Impact Statement which assess the risk of harm to the growing of citrus including any effects on:

- Crop maturity and effects on phenology
- Chemical residues
- Tree health
- Pest and Weeds
- Yields and marketability