

Bartholomew Guiseppe Brighenti



My Name is Bart Brighenti, I am a 4th generation Citrus Grower involved our family owned and run citrus enterprise in the Myall park and Lake Wyangan area's within the Riverina.

The Business operations involve developing and maintaining around 150ha of citrus groves, packing and marketing fresh citrus for export and domestic markets, supplying juice fruit to processors as well as marketing our own juice products.

Our farms produce around 4000 tons with a diverse range of varieties including early/mid and late season Navels, early and Summer Valencia's, lemons, Limes, Cara Cara Navels, 3 varieties of mandarins and Blood Oranges.

I have been actively involved in the Agricultural industry including 3 years as President of Griffith and District Citrus Growers, Current President of Riverina Citrus Growers INC, Young Irrigation Network Committee , Presented at the senate truth in labelling enquiry, been involved in Juice promotion and actively promoted the plight of growers through the National media.

Our climate and geographic isolation coupled with effective biosecurity has enabled Australian agriculture to produce food with low pest pressure and low pesticide use, this gives us a natural advantage when it comes to ensuring a healthy product and healthy environment to the consumer. We have led the world in labour saving production and techniques to gain greater efficiency both on the farm and in the pack house, however these advantages are not able to outweigh the discrimination Australian producers face compared to their overseas competition because of our regulations, costs and lack of equivalent market protection. Even achieving a doubling of the yield, while using a fraction of the pesticide of the average Brazilian Citrus grower, who is from the largest citrus growing country in the world, is not enough for me to receive a price that meets the cost of production.

In my time farming in the Riverina region, I have seen mixed fruit crop farms disappear as one by one the individual commodities have become unprofitable, leading to an ever reliance on a smaller concentration of crops and this appears to be continuing until nothing is worth growing.

In my time as a citrus farmer I have seen the collapse of juicing oranges when minimum content rules were extinguished, Developed a new citrus farm, replanted existing groves, reworked existing trees to export focused varieties and now seen the demise of the export of citrus under a high dollar, high costs and falling terms of trade.

Since leaving school in 1993 I have watched as one by one the younger farmers have either left farming all together or are now have jobs off farm to support their families and farm. In my early 20's I was part of the inaugural Young irrigation network committee. This group was formed with young people

working in irrigation and was initially well supported with large participation however as each year passed, it was staggering how many people left the industry or their off farm income had now become their main source of income. This group has now been shut down because of the total lack of young people involved, I am now 38 regarded by most as a young farmer because there simply is and still no interest to farm as the ability to build a life and support a family has been lost as have profits.

Many young people have seen how hard the work is with little to no reward, the unfairness farmers have been treated by our own Government and the stress this has on farmers and their families and are under no illusion that this is no life for anybody. Unless urgent action is taken. I see the industry collapsing, Individuals and families drowning in debt and the loses to growers dragging the rural communities they live in, along with them.

The citrus industry is one of Australia's largest horticultural export crops. Involving around 2000 growers producing around 600,000 tonnes annually, the majority is made up of farming families rather than corporate farms.

The Riverina is the largest citrus growing region with Valencia juicing oranges the largest variety followed by navel oranges. The next two largest growing regions are the Sunraysia region of Victoria and South Australia's Riverland with the largest variety being Navels.

The Australian Agricultural industry has many opportunities and advantages but these I feel are either not being taken advantage of or are being outweighed by the inhibitors.

Australia produces some of the best tasting, best looking and chemically clean produce in the world. We do this with world leading efficiency, farming practices and environmental / Social / quality standards both in growing and packing however, growers are not being rewarded for their effort and achievement.

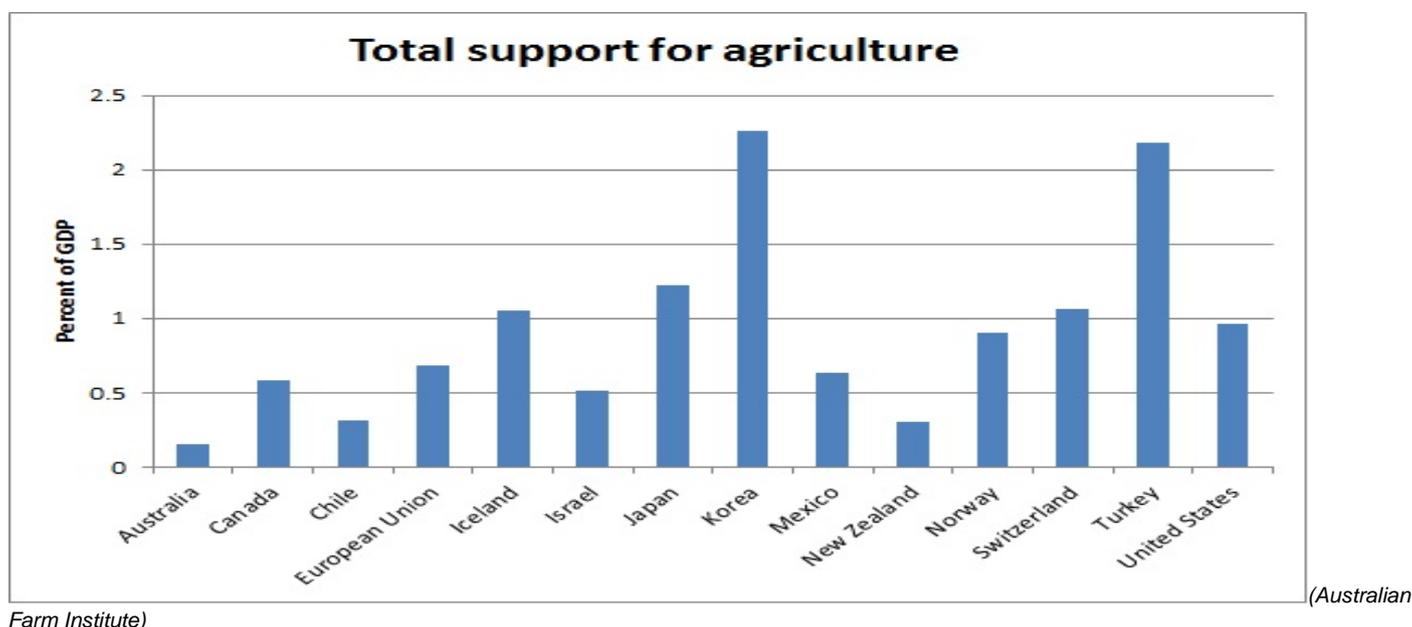
Australia's blind following of the belief in free trade and deregulation has left farmers suffering and unable to compete with juice or fruit coming from countries which don't have the same Environmental, Social or quality standards. These are forced onto us but not onto imports. Social issues include minimum wage, OH&S and super contribution. Quality include safe use of chemicals, product traceability and various accreditations and registrations. Environmental includes Carbon tax, water reform and restricted farm practices. All of these come at a cost burden to the Australian producer and are not placed on the equivalent imported product.

Minimum content rules were deregulated in the name of competition from the Citrus industry, Growers were told that we needed to compete on a world market, however our greatest input comes from a sector of the economy which has not been deregulated, that is Labour.

We are expected to pay Australian wages, meet Australian working conditions and operate in the Australian economy all while being expected to receive the same price as developing countries for our produce.

Australian growers are expected to compete on the world market however we are expected to do this with the second lowest level of Produces income support at 3% and falling, compared to 22% for EU

which was just above OECD average. We also see huge economies including some of the largest agriculture producing countries such as China, Russia and even Brazil increasing their support (*OECD subsidy data 2011). Australian agriculture has the lowest level of Government support as a % of GDP in the world, at a lowly .12% compared to OECD at .85% (Australian Farm Institute). Farmers simply are too far behind the competition for our efficiency to make up.



Other countries protection, subsidies and low wages and conditions effect Australia's competitiveness in export markets. This makes it hard to explain to buyers why I need so much more for my produce compared to USA, EU, South African or South American produce as I need to compete unfairly in the market, This is always my problem, Not the buyers.

The EU uses the Common Agricultural Policy "CAP" to address the cost burden similar Social and environmental regulations imposed on its farmers.

Income support payments from the CAP are increasingly used by farmers to adopt environmentally sustainable farming methods. This enables them, for example, to reduce the amount of chemical fertiliser or pesticide that they apply to their crops. It also enables them to reduce stocking densities – the number of farm animals per hectare of land. Other adaptations include leaving field boundaries uncultivated, creating ponds or other landscape features and planting trees and hedges.

These are aspects of farming which go beyond what are usually considered to be conventional farming methods and good farming practices. In addition, the CAP promotes agricultural practices such as maintaining permanent grassland and safeguarding the scenic value of the landscape.

Protecting biodiversity and wildlife habitats, managing water resources and dealing with climate change are other priorities that farmers are required to respect that CAP compensates them for.

CAP is designed to deliver the EU consumer safe, reliable and affordable food, with all the social and environmental benefits for the small cost of 30 euro cents per person per day.

Australia should be looking at such systems as it is the most cost effective way to deliver the triple bottom line. If it is left to the market to achieve all these goals there is no evidence this would happen, and if it did the supply chain would want to still make a margin on top of the extra payment the farmer needs.

This will increase the cost to the consumer for this to almost double that it would under a CAP system which avoids the supply chain profiteering and pays the farmer directly.

When it comes to agriculture it seems Subsidising isn't an option, but why was it an option for other industries? Why was the Australian Government happy to subsidise the film industry such as offering Walt Disney Studios (whose parent company had operating income of more than \$US9 billion in 2012) \$21.6million to film 20000 leagues under the sea, As well as \$12.8 million for the film Wolverine to entice them to film in Australia, the reason was to offset the high Australian dollar. What was the tax payer left with once the director calls cut? We have had subsidies paid to the car industry, building Industry through Home owner grants and the Solar Industry, since 2007, more than 880,000 rooftop solar systems and more than 560,000 solar and heat pump water heaters have been subsidised under the Government's Renewable Energy Target. There are many other subsidised industries, but Agriculture was left to compete in an uneven playing field.

The finance Industry also enjoys the benefits of the "savings Guarantee", regulated Super contribution and restrictions to foreign banks in the market place. All these are forms of protection the consumer and industry pay for and that benefits a small group of huge and profitable corporations.

Australia has followed the deregulation and free trade ideology to the detriment of farmers and processors but what of the so called benefits this would give the consumer? What was delivered was a decade of the fastest rising food prices of any developed nation in the OECD (2010 OECD Data report)

Food produced in 3^d world countries have minimum standards to enable them to feed the huge population of poor people, however this food is taken from their mouths, to be imported into Australia and fed to consumers to boost the profits of multinational Processors and Supermarkets.

Lax labelling laws have aided in this happening with consumers finding it difficult to understand the true country of origin of the products. The "made in Australia" label giving people false beliefs that the product is all Australian. Only one in 100 Australians can explain what "Made in Australia" actually means under the complicated formula in the law (Australian Made, Australian Grown).*

Food labelling is also affecting the Australian citrus grower's ability to compete on the domestic market. Our high standards and quality cannot achieve the premium needed when consumers cannot effectively and easily understand where a product is made or grown. Our penalties for businesses which incorrectly label the country of origin of produce are too low.

Consumers need to be empowered with the information to make an informed choice as to the Country and standards of which their food is produced.

Australian growers have been the subject of unfair competition from dumped produce both fresh fruit and juice. The complexity, reaction time and cost to mount anti-dumping cases have left Australian growers suffering the damage from the dumped fruit and juice.

Current anti-dumping laws are so ridiculous that Orange farmers cannot instigate an anti-dumping case on imported Orange juice as we DON'T have a "LIKE" product, So the only people who can mount an

orange juice dumping case are the juice bottlers and processors who are also the biggest users of imported juice.

Australia imports the equivalent of over 550,000 tonnes oranges, as Orange juice concentrate having a huge detrimental effect on Australian grown juice fruit.

Australian and American Growers have had the fungicide Carbendazim banned for use since 2010 giving us an effective Minimum residue level (MRL) of zero. The USA banned the import of juice containing Carbendazim as a matter of equality between their own grower fruit and imported. FSANZ then followed only to later overturn this decision sighting pressure from Processors

Not only do Australian growers face the market distortion of costs imposed on us and the dumping of juice, but we have also have Huge Brazilian processors distorting the market with Cartel behaviour, this is contributing to force Australian and Brazilian growers out of the industry with Brazilian growers claiming loses of \$3 billion over 15 years. Australian growers have been suffering reduced income because of this cartel behaviour.

The same Companies involved in this cartel have also been involved in breaching their own countries labour laws and fined US \$455 million including U.S. \$ 40 million for abuse of power and over \$ 15 million in compensation for procedural harassment. Judge Janon Renato da Fonseca's ruling also criticizes the industrial sector and defines it as a "cartelized market." "The industry of orange juice in Brazil, was a cartelized market and oligopoly, where, at most, three or four large buyers dictate and impose their rules on all suppliers [orange producers]," Again Australian Citrus growers need to be compensated for being left to compete with imported juice from this Cartel. There is also enough evidence supplied to show the cost of growing Brazilian oranges to be around AUD\$190/ton, so it is beyond me how it can be delivered here as concentrated juice for such low prices without dumping.

Countries such as the USA have government departments Such as the United States Dept. of agriculture (USDA) that will intervene in the market place to assist growers who are struggling with challenging marketing conditions. This may be caused by an oversupply of domestic produce, international competition or declining prices. The USDA will purchase produce to help mitigate further downward prices and stabilize market conditions. Australia spends a significant amount of money on foreign aid and this should be used to buy Australian produce to be given as aid to countries in need of food.

A strong domestic market is needed to give a solid base to sales and buffer fluctuations on export markets. I would welcome any competition as long as it's produced with the same standards imposed onto the Australian grower as mentioned above. In my experience, the returns from the domestic produce sold in Australia are mostly less than the cost of production.

The Australian domestic market is dominated by 2 supermarkets and 2 large juice processors.

Farmers will always be in an unfair negotiating position in the market place. We have a perishable good that ultimately only nature decides when it will ripen, how big it will be and how long its shelf life will be and failing us not being heavenly bodies means that the buyer always know we have a

short window to sell in, Buyers always have others to buy from and timing is not critical with their choice but that is not a luxury farmers enjoy.

*The two large supermarkets Woolworths and Coles have control over 80% of the Australian supermarket shelves (*Australian Food & Grocery Council (AFGC). Woolworths and Coles have by far too greater market share giving them too much power over the Consumers and suppliers. So great is their market share that Woolworths is ranked 17th and Wesfarmers/Coles 18th in the World's largest retailer list, with Wesfarmer/Coles also placed first in the fastest growing retailers section, these are truly amazing figures given the small size of the Australian market compared to most other countries (Global powers of retailing 2013).*

I feel Woolworths and Coles are abusing their market power and using it to reduce the farm gate price to meet their profit and market share targets.

There needs to be greater transparency and responsibility in the supply chain. Farmers are always being told to find more efficiencies and savings but while the farmer makes the greatest investment to produce their crops, it's clear the greatest share of profit sits between the farmers and the consumer.

I believe that a significant threat to grower returns is the market manipulation and price distortion the large supermarkets can and do cause, with the use of marketing schemes such as "Loss leaders" like the \$1 It milk and Cross subsidisation such as the "Shopper Docket" fuel discounts. Consumers have the right to know the true value of their goods and be able to make true comparisons with like products in other stores. This will add to greater competitive tension in the market.

Supermarkets and processors have been knowingly buying fruit for less than the cost of production. Growers are then forced to cut costs to survive, this leads to dangerous work practices putting the farmer and therefore his family at risk. Excessive hours, old or worn equipment, fatigue, dangerous work practices to save time are all the results. Work Cover rules and Employers protect employees, but who looks after the owner Farmer?

Exporting carries a lot of risk, especially to developing or new markets. The risk can be so great that "would be" sales are turned away because of the fear of non-payment. The USA has addressed this issue with the United States Department of Agriculture (USDA) Foreign Agricultural Service (FAS) and other services such as Export Credit Guarantee Program (GSM-102), Facility Guarantee Program (FGP), SBA International Trade Loan Program, Export-Import Bank and Overseas Private Investment Corporation.

The US government services mentioned above help to secure credit, loans and insurance programs for exporters. The underlying aim for these services is to boost exports and secure and build jobs for American workers. Surely Australia can do the same for our Workers, farmers and exporters.

The high Australian Dollar is causing huge financial stress to farmers and exporters, yet we seem to hear that there is nothing that can be done. The USA and Japan are undertaking huge amounts of quantitative easing or "printing money", this currency manipulation is devaluing their currency boosting their exports and crippling our exports to them. We also have China, our largest trading partner operating a fixed

currency program, again manipulating the markets. Australia needs to look at manipulating our currency before horticulture is destroyed.

The Abbott Government has said it will concentrate on opening new markets with Free trade agreements. Opening markets with difficult protocols are almost useless for growers because of the cost of compliance. It is just as useless to open or continue access into markets if the returns are so low that growers receive less than production costs, leaving only the supply chain to gain their sales commission.

The Grower has by far the greatest level of investment of all in the supply chain, while the Grower underpins the whole supply chain, I feel the rest of the supply chain is working with short term profit principles with no regard for sustainable production, sustainable environment or the standard of living the prices they pay sustain.

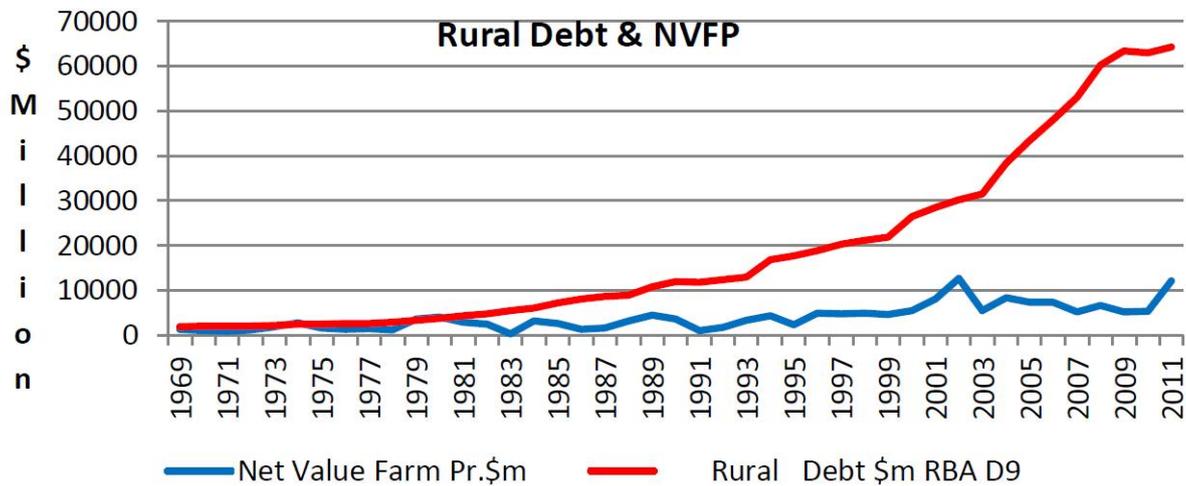
Market access and quarantine pest control are important issues for farmers. Currently State Governments are scaling back their spending and responsibility to control major Quarantine pest like fruit fly. This increases the cost to individual farmers and without protocols that include “places of pest free production”, individual farmers will have no incentive to control such pests as they receive no direct benefit for their work and it leaves them relying on others actively controlling insects on their properties to access markets or avoid expensive treatment costs.

Australian Agriculture has led the world with innovation giving farmers the edge over its competition and delivering greater efficiencies in production, these innovations coming from the CSIRO, State Agricultural departments and from farmers inventing and developing better production techniques on farm. The falling returns to farmers have left farmers no longer looking to future gains but needing to concentrate on survival. What was once farmers striving for greater yields has now turned to cost cutting, and when receiving negative returns per ton, all effort is in surviving so any short term savings at the expense of long term sustainability become practice. This will have social and environmental impacts long into the future.

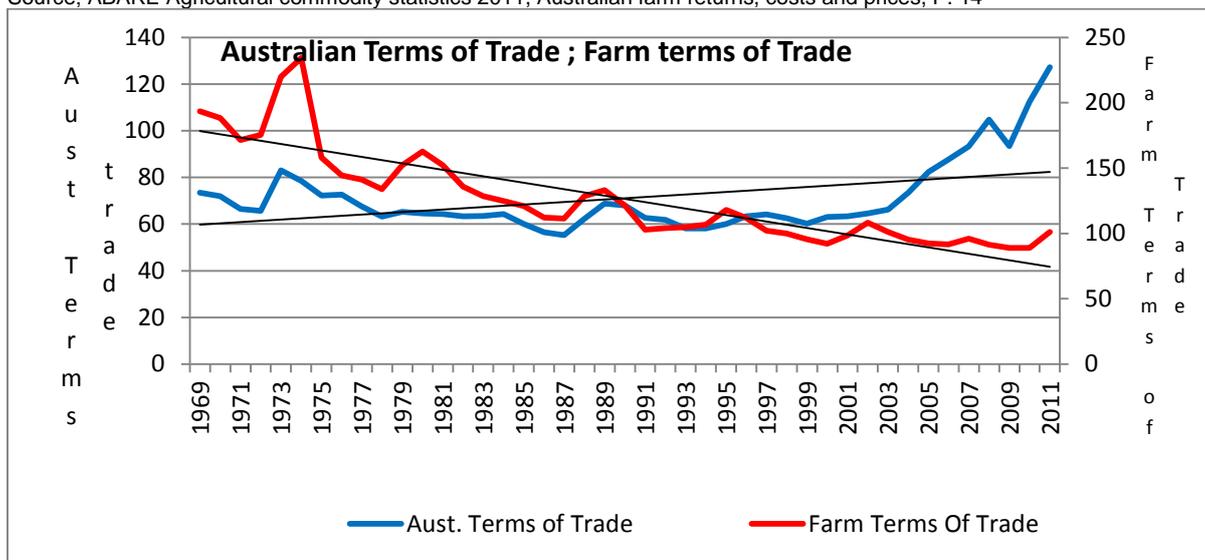
I also find I need to rely on information from developing countries when looking for newer techniques or innovation, at the moment I employ a South African Agronomist.

The current system Horticulture Australia employs to distribute national levies is a flawed system. From the picking of people on the Industry Advisory (IAC) to the distribution of funds. Private companies like Citrus Australia (CA) who's members dominate the IAC and then CA dominates the receipt of funds. CA only represents around 10% of Australian Growers and then relies on a small group of large corporate growers to make up its membership numbers and grown hectares. This then dictates its decisions to favour corporates rather than the benefit of all growers.

Farming is being destroyed under the current system. The average age of a farmer is 53 (average all workers 39) and 23% of farmers are over 65yrs (nat. average. 3%) (ABS). 18,000 people left agriculture last year (NAB 2012 Giving young farmers the skills for success). Farming is drowning under debt (see graph) and has had falling terms of trade for many years now.



Source; ABARE Agricultural commodity statistics 2011, Australian farm returns, costs and prices, P. 14



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We hear all too often here Economists and politicians spruiking that Australian Agriculture will enter a boom as it will feed Asia. It is unconceivable that any sovereign country will underpin their own nation's future food supply on Australia's farmers getting rich. This is totally unfounded and unrealistic given the surge in imports and the high costs Australian farmers face. It will be Asia who will feed us low standard foods while their poorer people starve

“We need the World Bank, we need the IMF, we need all the big foundations, we need all the governments to admit that for 30 years we all blew it, including me, when I was president. We blew it. We were wrong to believe that food is like some other product in international trade. And we all have to go back to a more environmentally responsible, sustainable form of agriculture”



– Bill Clinton, World Food Day 2008

Droughts, floods and other disasters have always been part of farming, in the past farmers have been able to cope with savings from the "Good years". And high prices for what you did produce during the disaster years. But when the costs in Australia are REGULATED high and the returns are DEREGULATED free market the good years are few and far between, mix this with other government made market distortions like MIS, and carbon tax Then when you have a crop failure, imports flood in so there is no price correction for the low crop, Then the perfect storm is brewing.

Add to this currency manipulation (more market distortion) and resources boom that pushed up our Dollars value and we are at where we are now.

Drought puts failing Agriculture in the news , but citrus trees, grapes , prunes stone fruit, tomato's etc. were being pulled out and dairies closed under full irrigation, not climate change, no lack of water but a cash drought

I often find the Economic models used in regards to Agriculture have flawed assumptions that do not work in the real world.

The common solution call of the Economist in regard to Agriculture has been to get big or get out, this was reach efficiencies of scale. However this theory has proven to fail as benchmarking studies have shown that the biggest citrus enterprises were as cost efficient as the smallest producers, with the large family farms proving to be the most efficient.

Getting out was exactly what happened with the collapse of Managed Investment schemes (MIS) like Timbercorp and Great Southern as well as other corporate farms like Prime AG. Tell me what else you wanted to give these corporate farms, they had the finance, Gov't backing, Bankers, accountants and economists running them. They had all the consultants advising them, the best equipment, newest machines, latest technology and every other expert telling them how to produce food, except no one listened to what the farmers were saying.

While these corporate's flooded our markets, pushed up input costs, swallowed up water and received tax breaks we just had to sit back and be lectured by so many as we do now of what is the way of the future, be belittled by city experts on how our industry works as is happening now and then have these collapse our markets, collapse our land values and ensure that investing in Agriculture will be a dirty word for god knows how long. What would we know? We are only farmers.

Why were these MIS schemes not set up to allow investing into family based farms, Wouldn't the

tax breaks for investing have been better served if it went to business's that were already in the industry, Wouldn't this have led to Australians investing into Australian Agriculture.

Family farms like mine have had to fund our own expansion with our savings and debt. It is only those farmers who have expanded and invested in new technology that have taken on this debt, it is now this debt that threatens the farms survival. Small farms that haven't invested in new technology and are not as efficient are using off farm income and are at best hobby farms that are badly looked after, potential disease sites, have no new equipment and employ few if any. They can't afford to buy a home in town, can't sell the farm as no buyers and even if they do it won't buy a house in town. So they just farm as time permits, These will be the last to go, that's right this will be the future of farming , better rewrite economic theory again.

Australia needs to review how political decisions are affected by lobbying and restrict access companies and certain industry groups have to decision makers. The ability to fund lobbyists shouldn't be a reason for decisions to be made and all stakeholders should have equal access to policy makers. We have seen how this has affected the ban on imported orange juice that contained a chemical banned from use in Australia. FSANZ Chief Executive Officer, Steve McCutcheon, effectively admitted that lobbying from juice processors was a key factor in forcing a last-minute "review" of this ban. Growers had no such knowledge of this review of the ban and was not able to address the issue.

Also we have seen processors, supermarkets and others in the supply chain infiltrate "farmer representative bodies". This can be in the form of membership to sponsoring meetings and events. This influences the decisions that are made and the level of media scrutiny these organisations place on issues involving these companies. Diluting the voice of the farmer.

We also see many of these groups adopting a policy of "Talking up the industry". They seem to think it's a failure on their part to tell the truth of how bad the industry actually is. They also seem to think if they criticise "bad" policy, they will not get further access to Gov't.

Free trade policy works on so many flawed assumptions when it comes to real world Agriculture that the market failure we have now was inevitable. Failed Demand driven economics would have you believe that opening more markets and signing free trade deals will increase demand therefor prices.....Wrong again, when you are legislated to be the most expensive producer in the world and you can't get a return on investment, all you do is chase your tail looking for highest payer of the day, and no matter how much you need to be profitable, the buyers have fruit from all over the world from cheap labour countries and subsidised countries, so that's the benchmark to their buy price, they don't care that we have expensive labour and no subsidies.

I also see that failure of economic theory that assumes productivity and efficiency = profitability. As productivity increased and while we became the most efficient producers in the world, our returns decreased with the benefits of our investment going to the supply chain including the finance sector, not even the consumer.

I also ask when we will start evaluating and reviewing gov't trade and market decisions to see if the claimed benefits actually eventuated. Will we look to see if the free trade deal with the USA, Korea or even NZ have delivered the promised benefits? Same goes for the ACCC with its permission to the supermarkets to introduce shopper docket, or the productivity commission and its rulings. Its time those involved became accountable for their decisions.

All of these issues I have mentioned is why the debt problem has increased to the position we find Agriculture in today. Should a stress be placed again on the financial system such as the GFC did, then I fear banks will be left with no option but to end credit to farmers and call in loans. This would totally collapse the family, the community and rural Australia, and the flow on throughout supply chain will affect many Australians, The proposed Reconstruction and Development board bill would be a mechanism to address the current debt issue farming faces, but would also need then address the reasons I have pointed out that has led to the declining returns causing the profit issue.

I would like to note that it is not in the farmers, the Banks or the Real estate agents best interests to make it publicly known of the perilous state in which Agriculture and rural Australia find itself in, this is why it is so hard to find people to speak up and why I believe so many Industry bodies do not want to risk speaking up and doing anything that doesn't talk up confidence in their industries.

Farmers risk by telling the truth that they will not be able to sell their farm and that credit offered by suppliers would be withdrawn. Banks also risk a collapse in farm value and farm solvency and the real estate agents risk their own income as sales could collapse.

The Current position farmers have been placed in has led to a farmer committing suicide every 4 days, with farmers 30-50% more likely to commit suicide than their city counterparts (Suicide Prevention Australia), Agriculture having the highest rate of work related injuries (National OH&S study) and full time farmers working an average of 57hrs a week compared to the national average of 44hrs (ABS 20010/11)

What we know as free trade agreements are nothing of the sort, they are simply a trade agreement. There is no equal treatment, no blanket broad scale removal in tariffs. Instead we dropped our tariffs and protection in the early eighties with no reciprocal agreement with any country. Now we are negotiating tariff reduction, Australia is disadvantaged as we have now negotiated our tariffs to zero while countries like Korea and Japan still continue with tariffs of over 20%. So what do we negotiate with next?? Will we now give up our biosecurity as a trade tool?? We have nothing left to give, but our competition does. Countries who did not initially drop their tariffs have now got a huge negotiating advantage over us.

These so called "free trade" agreements pick winners and doom others to financial failure.

The market failure the current trade policies have induced, has not ensured the efficient producer with a comparative advantage survive, it has only served to remove Australian food from the shelves and be replaced with other countries food grown cheaply, no matter how this was achieved. This would have to be the most unsustainable outcome imaginable.

While Australia continues down this line, lecturing the world on what the market “Should be like” but ignores the real world situation of what the market “actually is”, Australian Agriculture will continue to suffer and contract, as will manufacturing and eventually employment.

The family farm is more than just a place of production. It is commonly also the farmer’s family home, Superannuation and the building blocks of the community. The falling returns and high debt have decimated the families’ asset to becoming a liability, not only is the family losing their income but also losing their retirement plan, losing their history and losing their home.

If the Australian Government gave Australian growers the ability to compete with equivalent conditions as our competitors, I have no doubt, that we would deliver the Best, Safest and most Sustainable food to the World.

Bart Brighenti

******After making numerous submissions to Gov’t enquiries, Can we make sure that if these are held and submissions called for that recommendations actually be actioned and not just added to the collection in the library in parliament house. If these are to be just an avenue to “vent” frustration , than it would be better to save us all the time and money and not bother at all.*