



11 April 2013

The Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Submission - Inquiry into review of the Citrus Industry in Australia

Seven Fields is family owned and operated growing, packing and marketing business which has farming operations in Victoria, South Australia and the Northern Territory. Our main undertaking is citrus production with over 470 hectares in the Sunraysia region in Victoria and 50 hectares in Katherine (Northern Territory). In the coming 2013 season we expect to produce over 16,000 tonnes of citrus with turnover from citrus in the FY2014 year projected to be over \$25 million. We have over 48 full time employees and hundreds more contractors at peak harvest and packing times during the season.

1. Scale and structure of the industry

We have seen the submission made by Citrus Australia Limited and do not have anything to add to this section except to say that Seven Fields has always been and remains firmly of the view that there needs to be one national body representing citrus growers in Australia. This allows the industry's limited resources to be most efficiently used and deployed according to industry requirements.

2. Opportunities and inhibitors for growth of the Australian industry

Currently Australia produces more citrus fruit during its growing season than is able to be consumed domestically. Therefore, in order to survive growers must have access to export markets and that access must be on terms that are reasonable and achievable.

In the case of Seven Fields, we export almost our entire navel orange crop (over 150 containers in 2012) because the market domestically is saturated.

As southern hemisphere producers, Australian growers are competing in those export markets with South America and South Africa. Both of these countries appear (from our experience in travelling to our markets) to have more resources focussed on export trade. Often their access protocols are better, they are certainly less expensive (primarily due to their labour costs and weaker currencies) and their marketing easily overwhelms the Australian efforts.

The funding provided by growers is currently not adequate or targeted enough to address these issues in a meaningful way. Citrus Australia is doing all it can with the funding it receives from its
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own member base and through Horticulture Australia Limited (HAL) projects, but the national levy is simply inadequate and must be increased. This is primarily a matter for growers, although Government has a role to play in facilitating the process and also understanding that an increase in the Research and Development component of the levy will bring with it increased matched funding from the Government.

In addition to these matters, we support the submissions made by Citrus Australia for the role Government can in assisting industry, namely:

- (a) Allocating more resources to achieve quicker results from market access negotiations;
- (b) Speeding up Free Trade Agreement negotiations which will reduce tariffs on our export products;
- (c) Reducing costs of inter-state movement of citrus products by standardising and streamlining the quarantine regulations of each state and territory;
- (d) Confirming the Murray Darling Basin Plan, which will improve the water security of our growers and give them the confidence to invest in the future;
- (e) Reducing the production costs facing growers, including the price of quarantine inspections and carbon tax increases in electricity and fuel costs;
- (f) Supporting and promoting the Australian Citrus Quality Standards program; and
- (g) Ongoing support for research & development into new citrus varieties and production practices

3. Competition issues in the Australian market

We do not have anything to add here, other than to support the submissions made by Citrus Australia.

4. Adequacy and efficiency of supply chains in the Australian market

The costs of bringing our product to the market are substantial. The costs of packaging, fuel, transport and logistics are very high and can represent as much as 70 to 80% of the wholesale price of a box of citrus. Expenses such as energy prices, fuel surcharges, and cool room costs have all risen in excess of inflation. Some of this is due to the carbon tax and general energy price rises. Although growers are not directly impacted by the carbon tax, suppliers to our business do have to pay it and are passing those costs on to us. We are forced to absorb those costs as we are not able to pass them on to our customers. Citrus growers are price takers. Particularly in the case of export, none of our customers are prepared to pay more for our product simply because Australia has put in place a carbon tax.

We understand rapidly rising energy costs are an issue for the broader economy, but we take this opportunity to express frustration and confusion about why our Government would impose a carbon tax which none of our international competitors are required to pay. It is another cost burden that makes us less competitive at the margin on price, where our product is already considerably more expensive than South American and South African growers.

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5. Opportunities and inhibitors for export and export growth

For Australian growers to succeed, we need to have access to more international markets and to continue to dedicate resources to those markets to ensure access remains as efficient as possible. Asia is the obvious growth area for Australian growers as we can deliver fruit there generally in a shorter time than our southern hemisphere competitors, thereby providing a fresher product.

Progress has been made in recent times with growers embracing more difficult protocols with China, South Korea and Thailand. However, more needs to be done in the area of developing free trade agreements. For example, we understand the free trade agreement with South Korea is very close to being finalised and we encourage Government to work quickly to complete the agreement.

We support the submission of Citrus Australia which lists the following additional ways in which the Government can help grow citrus exports:

- (a) Devoting resources to opening up priority markets;
- (b) Assistance in developing export protocols that are uniform and which will improve our access to Asian markets;
- (c) Partnering with industry to find novel solutions to market access obstacles – we are ready to invest and commit to finding and adopting ways of increasing trade;
- (d) Trade between countries can be progressed through Government building relationships with the appropriate officials in corresponding countries. This can be achieved through the organisation of and participation in trade visits or through specific wording in trade agreements. Trade can only progress where mutual respect is built and a relationship developed; and
- (e) Reducing the cost of quarantine inspection services

6. Any related matters

In its submission, Citrus Australia mentions biosecurity and agrichemical issues as matters where Government can provide assistance. We support the submission by Citrus Australia and reiterate the requests it has made.

Sincerely

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