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Please find attached a submission to the Senate Rural and Regional Affairs and Transport References Committee inquiry into the effects on Australian ginger growers of importing fresh ginger from Fiji, from Buderim Ginger Limited.

If you require any additional information or clarification of any points raised please do not hesitate to contact me on 0418 318 087

Yours sincerely

Murray Richardson

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## **Submission to Senate Rural and Regional Affairs and Transport References Committee inquiry into the effect on Australian ginger growers of importing fresh ginger from Fiji**

### **Introduction**

Buderim Ginger Limited (Buderim) welcomes the opportunity to make a submission to the Senate Rural and Regional Affairs and Transport References Committee inquiry into the effect on Australian ginger growers of importing fresh ginger from Fiji.

Our submission specifically addresses “the risk and consequences of the importation resulting possibly in the introduction of pest species or diseases and soil-borne diseases” as noted in the Terms of Reference (c). This submission does not address the scientific aspects of the IRA which are being dealt with by the Ginger Growers Association.

### **Summary**

The provisional final Import Risk Analysis (IRA) report for fresh ginger from Fiji, released by Department of Agriculture, Fisheries and Forestry (DAFF Biosecurity) on 10<sup>th</sup> August 2012, recommends that the import of fresh ginger rhizomes to Australia from Fiji be permitted subject to specific quarantine conditions. The report identifies yam scale and provisionally recognises a suspected new race or pathotype of burrowing nematode as pests requiring quarantine measures. Buderim supports the industry position that DAFF Biosecurity has significantly underestimated the risk posed by the potential introduction of these two pests.

### **Background**

Buderim is the largest processor of ginger in Australia. Buderim makes a variety of crystallised, dried, puree and juice products at its plant in Yandina in Queensland. Buderim does not sell products into the fresh ginger market. During 2011, Buderim had sales of \$31 million AUD of ginger. Half of these sales were domestic and half were to export markets. Buderim is also the largest processor of ginger in Fiji through its wholly owned subsidiary, Frespac Ginger (Fiji) Limited.

For the majority of its existence, Buderim has been focused on the processing of Australian ginger. However since the outbreak of pythium in Australia in 2010, the ginger processed by Buderim has been sourced from within Australia, from its own operations in Fiji and from third party suppliers in China and other parts of Southeast Asia. This diversity of supply is an important part of Buderim corporate strategy to sustain its profitability and to ensure it has adequate supplies of ginger to support its operations.

Buderim now sources ginger from a variety of markets to insulate its business as much as possible from the risk of disease outbreaks and adverse weather conditions. Given the prevalence of disease within ginger crops, the diversification of its supply base has enabled Buderim to continue to service its customers and to create independent supply regions. Any inadvertent introduction of other pest varieties into the Australian growing region that severely impacted the supply of ginger available would have the capacity to significantly disrupt these arrangements and adversely impact on Buderim's profitability and threaten the viability of the Australian ginger industry, in our view.

Buderim is aware that the cost and complexity of growing ginger has changed significantly for the Australia ginger growers in the last few years. Our grower numbers have halved in the last 3 years as a direct result of many Australian growers not being able to adequately control the pests already in Australia through farm management practises. The inadvertent introduction of other pest species will likely add to these increased cost burdens and should be avoided if at all possible.

The price Buderim has paid for ginger has increased by approximately 17% in the last two years. This increase has been beneficial for our growers however Australian ginger is now significantly more expensive than ginger from other countries and it can not be assumed that additional increases will be possible in the future. Buderim only buys early harvest ginger for its processing operations. Early harvest ginger accounts for about 30% of the Australian harvest annually. Because Buderim can only purchase a portion of the ginger crop, the growers of ginger are dependent on a mix of returns from other processors and from the fresh ginger market for their overall viability. If the importation of fresh ginger causes the returns from the fresh market to decline, Growers will rightly look to other market segments for greater returns to support their viability. There will therefore be an impact across all sectors of the market.

For more than 50 years, Buderim has been a supplier of Australian ginger to consumers in Australia and around the world. Despite the significant cost difference between Australian and other countries ginger, there is a strong market for Australian ginger and Australian processed ginger. This market is subject to the normal competitive pressures and will not exist at any price. If the cost of Australian ginger increases through the inadvertent introduction of other pests it would cause Buderim to question the ongoing viability of its Australian

operations, putting in question the employment of the 100 individuals at our Yandina facility in Queensland.

### **Conclusion and Recommendation**

If introduced to Australia, we believe these new pests will have a significant impact on the Australian ginger industry, including the Buderim business. In our view, given our knowledge of both the Australian and Fijian ginger growing environments, the assumption that it is possible to rely on farm management practises alone without the mandatory fumigation of the imported ginger to control the pests identified is impractical and ill-conceived.

As a business with interests in a number of food categories, we are very conscious that our customers value the “island status” that Australia has to its natural advantage. While we recognise, and benefit from, the need for the free flow of goods and services between countries, we also believe it is in our interests to protect Australia’s biosecurity from the intentional or inadvertent introduction of pests we do not need.

Buderim Ginger Limited