

Senate Rural and Regional Affairs and Transport References Committee

Questions on Notice – Wednesday, 3 July 2013

Inquiry into the review of the citrus industry in Australia

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1	17	Mr Battistel	Senator Ruston	16/07/13
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2	40	Australian Beverages Council	Senator Colbeck	Unanswered as at 16/12/2013
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1	56	DAFF- QLD	Senator Colbeck	06/08/13
1	61-62	Griffith City Council & Leeton Shire Council	Senator Ruston	16/07/13

**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE**

Inquiry into the review of the citrus industry in Australia

**Public Hearing Wednesday, 3 July 2013
GRIFFITH**

**Questions Taken on Notice – Griffith and District Citrus Growers
Association**

1. HANSARD, PG 2

Senator RUSTON: So, the Griffith organisation has applied to be a member and has been refused membership.

Mr Mancini: Yes.

Senator RUSTON: Was there any written correspondence associated with that refusal?

Mr Mancini: I think there was.

Senator RUSTON: Would it be possible to table that? I realise you probably do not have it here with you today, but I would be interested if you could table that on notice.

Mrs La Rocca: Perhaps I could just add that I have been involved with the committee now for five or six years, and that has not come up while I have been there. But I have spoken to Citrus Australia about this. They have told me that we need to write a formal letter to request that, and they need to take that to their board members to see whether the constitution can be changed to accept it. But we have not done that yet.

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Answer: *No documentation has been found within the files given to us. Due to the liquidation of the former Riverina Citrus paperwork may have gone astray.*

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GRIFFITH

Questions Taken on Notice – Mr Battistel

1. HANSARD, PG 17

Senator RUSTON: Is it possible to get some more detail on notice of your proposal about the minimum Australian juice content?

Mr Battistel: Yes.

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Questions Taken on Notice – Mr Battistel

1. HANSARD, PG 17

Senator RUSTON: Is it possible to get some more detail on notice of your proposal about the minimum Australian juice content?

Mr Battistel: Yes.

Answer:

I refer to my letter submitted to the inquire on local minimum content (LMC) I would like to add that in the early 90s we did have a LMC of 25% which would have much of the detail on how it was applied and how the tax was collected. My LMC would only apply to Juice that uses 100% imported concentrate so as to utilise the current dumped Navel blemish and out of size fruit. Processor will argue that they cannot use Navel orange concentrate because it bitters but this has been used in the past and they currently use up to 25% Navel juice in fresh juice due to its nil value for off run Navel oranges so mixing 25% Navel concentrate to 75% imported Valencia concentrate is achievable.

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GRIFFITH

Questions Taken on Notice – Australian Beverages Council

1. HANSARD, PG 40

CHAIR: Could you table for us the make-up of your membership—

Mr Parker: It is in the back of our submission.

CHAIR: and the financial proportion that they pay you. Who gives you \$1 million and who gives you \$200?

Mr Parker: I could generalise it and aggregate it to the large and small.

CHAIR: You can take it on notice.

2. HANSARD, PG 40

Senator COLBECK: In your submission, you talk about an industry standard processing cost of about \$99 per tonne. Is that to produce the juice or is it to make the concentrate?

Mr Parker: Produce the juice.

Senator COLBECK: What is a rough cost to make the concentrate?

Mr Parker: I would not be aware of that. I am happy to take it on notice, because there are very few processors that actually produce concentrate.

3. HANSARD, PG 42

Senator XENOPHON: I just want to go to Mr Parker's assertion that only 10 per cent of consumers would be interested in country-of-origin labelling or in buying Australian juice. Where do you get that figure from?

Mr Parker: I am happy to provide a survey that was done. The name of that survey does escape me, but I am more than happy to provide that outside of this meeting.

Senator XENOPHON: Sure. In other words, it is something that we can table?

Mr Parker: Absolutely.

Senator XENOPHON: We can get the methodology of the survey, when the survey was undertaken, the questions asked and the like, and how long ago it was?

Mr Parker: Yes.

4. HANSARD, PG 43-44

Senator XENOPHON: In terms of issues of dumping claims, there have been allegations this morning that, particularly with carbendazim, other countries have said no to concentrate with carbendazim in it. Australia still has an open door policy to it. Do your members look at allegations of dumping? Do you concern themselves with that in anyway?

Mr Parker: No, we do not believe there has been any dumping in that regard.

Senator XENOPHON: How do you know?

CHAIR: The truth is that you would not know if there was.

Mr Parker: We do not believe that there has been.

CHAIR: You do not know. Use plain English: you do not know.

Mr Parker: Anecdotal evidence from our processors is that it has not been happening.

Senator XENOPHON: Mr Parker, given what you have just said to me and to Senator Heffernan, can you at least provide the committee with details of the anecdotal evidence that you refer to? You say that it is a belief that you have. It is obviously based on some information. Can you provide the committee with the information that you say backs up your claim, your belief, that there is no dumping?

Mr Parker: Yes, I am happy to do that.

Senator XENOPHON: Include any documents and correspondence. Obviously it is subject to the will of the committee, but could you supply any material that you have regarding the lead-up to the reversal of the decision on the ban on carbendazim—that was reversed by FSANZ—and any other correspondence you may have from some of your members relating to that? I would be very interested to look at that.

Mr Parker: Can do.

Senator XENOPHON: Thank you.

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Inquiry into the review of the citrus industry in Australia

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GRIFFITH

**Questions Taken on Notice – Department of Agriculture, Fisheries and
Forestry Queensland**

1. HANSARD, PG 56

Senator COLBECK: The submission talks about 'working with existing exporters to build the supply chains and an understanding of the market'. I think it is important more broadly, not necessarily just at a state level but also at a federal level, to understand markets and supply chains and how we might access them. There has been discussion here today about the cost of access into those markets. Some collaborative approaches might be one way we can mitigate some of those costs. But if they continue to break down, getting an understanding of why they are breaking down and what lessons can be learnt out of that process would be of some value.

Dr Kennedy: Okay. Would you like me to try to get a bit more information out of the marketing people?

Senator COLBECK: Yes.



Queensland
Government

Department of
**Agriculture, Fisheries
and Forestry**

Reference: CTS 17398/13

- 1 AUG 2013

Mr Stephen Palethorpe
Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Palethorpe

On 3 July 2013, Officers of the Department of Agriculture, Fisheries and Forestry (DAFF) participated in the public hearings of the Senate Standing Committees on Rural and Regional Affairs and Transport inquiry into the citrus industry in Australia.

During the hearing, a number of questions were taken on notice about market access and industry collaboration. Please find attached DAFF's response to those questions.

I look forward to receiving the Committee's final report.

Yours sincerely

Jack Noye
Director-General
Department of Agriculture, Fisheries and Forestry

Att

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**Questions on Notice – Department of Agriculture, Fisheries and Forestry
Queensland**

These questions arose from the Hansard pages 55 and 56 in relation to questions posed by Senator Colbeck.

QUESTION:

I just want to move on to market access. You say in your submission that harmonisation of interstate certification would increase access to the domestic market. Then, further on you say that further recognition of this wholistic approach to fruit fly management would be considered by other Australian jurisdictions and opportunities could be investigated for similar programs in other citrus-growing regions. Are you doing anything through your conversations with other states to drive that process?

RESPONSE:

There is an intergovernmental group with representation from all States and Territories and the Commonwealth that coordinates domestic market access issues.

The Domestic Quarantine and Market Access Working Group (DQMAWG) ensure that the development of domestic market access conditions for plants and plant products in Australia are:

- technically justified to minimise regulatory burdens on industry
- coordinated and harmonised (aligned and compatible), where possible, across the country and regions
- consistent with Australia's international import and export market access conditions and policies.

The terms of reference for DQMAWG and additional information is available at www.domesticquarantine.org.au

DQMAWG has recently been renamed the Subcommittee on Domestic Quarantine and Market Access (SDQMA).

While industry is not a member of the Subcommittee, there are occasions when a specific industry is invited to participate in a meeting where a particular issue impacts on it. National industry input into specific market access issues is welcome.

In relation to national fruit fly issues, there is a nationally agreed fruit fly strategy that has been agreed to by all Australian Governments and the major impacted industries, including citrus. The purpose of this is to achieve a coordinated national approach to fruit fly research and development, market access, regulatory approaches and policy development. There is significant frustration

at a Government level at present as all impacted industries have not shown a great desire to deal with these matters on a coordinated basis. A copy of the draft implementation plan is available at www.planthealthaustralia.com.au/national-programs/fruit-fly/draft-national-fruit-fly-strategy/.

QUESTION:

So I would be interested to know if there is a process there that is being driven by somebody and also whether the certification processes—which again is part of a common system, I suppose—could make things easier for everybody. It makes sense. And it is all very well to put it in a submission, but is somebody actually driving it?

RESPONSE:

In addition to the work progressed through the SDQMA process, Governments have recognised the need for continually improving the systems for interstate trade in plants and plant products to ensure biosecurity restrictions are at least trade restrictive and meet the broader needs of the supply chain.

The Plant Health Committee (PHC) is the peak Government forum for developing national plant health policy, capacity and capability in Australia. To help drive improvements to the current systems, PHC has established the Future of the Interstate Trade Working Group to develop future domestic market access systems. A draft discussion paper is being developed for consideration and comment. It is recognised that industry is needed to be a participant in this process and the input and contribution of the citrus industry will be welcome.

QUESTION: The submission talks about 'working with existing exporters to build the supply chains and an understanding of the market'. I think it is important more broadly, not necessarily just at a state level but also at a federal level, to understand markets and supply chains and how we might access them. There has been discussion here today about the cost of access into those markets. Some collaborative approaches might be one way we can mitigate some of those costs. But if they continue to break down, getting an understanding of why they are breaking down and what lessons can be learnt out of that process would be of some value.

RESPONSE:

The Department of Agriculture, Fisheries and Forestry's horticultural supply chain and market access researchers have provided the following perspectives from their professional experience over many years, working with the horticultural industries to increase access to, and penetration of, export markets.

Excellent examples exist of exporters making huge investments and achieving corresponding gains in exports, with significant returns. But such successful export businesses tend to take a long term view and commit to developing those markets, even if it requires them to forego domestic revenue in the establishment stages. Export markets generally experience much less fluctuation in prices compared with the domestic market, and it can be a real challenge for a grower to forego a peak in domestic prices for the sake of establishing a consistent supply into the targeted export market. While serious export development requires longer term thinking and a good understanding of the culture of the target market, much of the current exporting of horticulture products is based on a short term trading mentality rather than building a longer term relationship.

Many Australian supply chains fail to work collaboratively within each individual chain in the domestic market and this is compounded when it is an export supply chain. To add grower and exporter collaboration between different supply chains adds further complexity and stress into the relationships. While our horticulture supply chains operate as competitors for 'their slice of the pie', rather than working collaboratively to 'grow the size of the pie', they operate their businesses in a way that makes export collaboration difficult. To change this will take a paradigm shift, and while the principles of collaboration are easy to understand the reality of the effort required to work together makes many of the most well intentioned collaborations fail. To quote a mango export business trying to build an export value chain "This is really hard". Export growth can certainly be better facilitated when growers and other businesses in the supply chain collaborate, but collaboration requires commitment in time, resources and physical and mental energy. Collaboration fails when partners do not commit fully and do not commit equally.

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Questions Taken on Notice – Griffith City Council and Leeton Shire Council

1. HANSARD, PG 61-62

Senator RUSTON: As one of the more detailed points they were discussing this morning, if Fred who lives down in George Street has a tree in his backyard and it is identified as having an infestation of fruit fly, what role does the council play in assisting to make sure that that tree is cut down et cetera? My understanding was that previously the citrus community used to come in—probably through Riverina Citrus, I suppose—and get rid of the tree and give the old chap a box of oranges every few weeks so that he did not have to worry about the fact that his tree was gone. Have you picked up any of that role since the breakdown of Riverina Citrus? Has the council been expected to pick up any of these sorts of community-type activities that might previously have been undertaken by that organisation?

Ms James: When the state government announced that they were getting out of the fruit fly eradication program, and that the funding was no longer there, there was pressure on council to try to step into that role. We were in a partnership with Riverina Citrus to identify the backyard growers, and we helped with baiting and with tree removal. But I would have to take that on notice and find out exactly what the level of our support is in relation to that.

Senator RUSTON: Thank you.

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Senator RUSTON: Thank you.

RESPONSE FROM NICOLA JAMES - GRIFFITH CITY COUNCIL

Please see background information on local Riverina Biosecurity group and Council's contribution.

The Riverina Biosecurity Incorporated has been established after the demise of Riverina Citrus in 2012. There is money in the budget for 2013 -2014 for bait trapping.

Griffith City Council has contributed \$9350 in its operational budget in the last few years to assist with the Fruit Fly Program. In the 2012-2013 financial year, Council's contribution was purely in a public awareness capacity. Griffith City Council and Leeton Shire Council in partnership with the

Riverina Biosecurity Incorporated issued fliers with the rate notices, provided meeting venues for workshops, including staff time to coordinate and facilitate meetings. Griffith City Council also assisted in targeting the general community with an awareness program on our website and in the use of an e-newsletter which is widely subscribed by the general public.

In the past Griffith Council assisted with voluntary backyard fruit tree removal and baiting of street trees (which was supplied). Council transported the removed fruit trees to the landfill which were mulched and used at the landfill site (this was over three years ago). This program is no longer viable as the cost involved and the liability issues involved in the removal of backyard trees can no longer be absorbed by remaining moneys in the budget. The responsibility for this now falls on citrus producers and backyard citrus and fruit growers to bait spray themselves.