

SUBMISSION TO THE SOUTH AUSTRALIAN CITRUS INDUSTRY STRUCTURE REVIEW

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Introduction

This submission to the South Australian Citrus Industry Structure Review has been developed after consultation with Citrus Growers South Australia, the South Australian Citrus Industry Development Board and Riverland citrus growers and packers.

Chaffey and the South Australian citrus industry

The electorate of Chaffey incorporates most of the Riverland horticultural region, a region which is synonymous with the production of citrus in South Australia and nationally. Citrus has been produced in the region for more than 100 years.

Today, citrus production is an important contributor to the Riverland economy. The vast majority of citrus growers (approximately 400) operate in the Riverland, which also home to several citrus packing, wholesaling and processing businesses employing approximately 1300 people. Citrus produced in the Riverland is exported to more than a dozen countries and around Australia.

Chaffey is the engine room of the South Australian citrus industry.

Legislation and the South Australian citrus industry

Legislation regulating the South Australian citrus industry has been in place since 1965. The current *Citrus Industry Act 2005* enables a range of functions undertaken by the South Australian Citrus Industry Development Board on behalf of the industry.

In the interests of:

- maintaining and improving supply chain efficiencies, thereby enhancing returns to growers and other businesses associated with the citrus industry;
- maintaining and improving export market access, particularly with regard to meeting quarantine requirements;
- ensuring there are highly effective response mechanisms to industry threats (eg biosecurity); and
- fostering a close working relationship with the State Government;

I believe many Board functions enabled by the Act are critical to the future of the industry and must be retained.

Of these functions I believe the two most critical are the Board's collection and dissemination of information from all stakeholders in the citrus industry supply chain, and the Board's collection of

funds from all stakeholders (rather than just growers) to fund activities for the benefit of the entire industry.

These functions are almost unique among Australian agricultural industries. In most other industries, the compulsory levy burden falls almost entirely on producers alone, while for other stakeholders the decision to contribute to industry development is entirely commercial in nature. Crucial information is often withheld from producers and the supply chain for commercial-in-confidence reasons, creating supply chain inefficiencies and financial uncertainty for producers.

The Act, on the other hand, compels the collection and dissemination of critical information, allowing stakeholders across the citrus industry supply chain to make better-informed business, logistics, marketing and planning decisions. Additionally, the Act includes penalties for legislation breaches by individual stakeholders which could negatively impact on the industry.

The Act is also vital in protecting the SA citrus industry from biosecurity threats. Registration and the provision of crop planting details required under the Act enable the maintenance by the Board of an industry database, a database that constitutes an important tool in the protection of the SA citrus industry from incursions by exotic pests such as fruit fly and citrus canker.

The potential threat of such incursions cannot be overestimated, particularly in terms of substantially increased production and processing costs and the loss of major export markets.

The Act also facilitates coordination and planning undertaken at a national level by Citrus Australia Ltd (CAL). South Australian citrus industry information critical to this planning – for example plantings and crop estimates – is collected via the compulsory powers of the Board under the Act. The Act also places South Australia on a relatively equal footing with boards in New South Wales and Victoria which are supported by similar legislation.

Board functions enabled by the Act further reflect ongoing changes and challenges in the production, supply, marketing and export of South Australian citrus. Supply chain efficiencies, value chain extension, and direct linkages between growers, packers, processors, wholesalers, retailers and consumers underpin sound industry planning and development.

Recommendation:

- That the *Citrus Industry Act 2005* be retained.

Structure of the South Australian citrus industry

I consider there are important roles for both the South Australian Citrus Industry Development Board operating under the *Citrus Industry Act 2005*, and Citrus Growers South Australia (CGSA). These roles must be clearly delineated and defined so there is no overlap, and therefore no conflict, between the two bodies.

The Board must operate as a statutory body with legislated powers and funding from the whole citrus industry supply chain. Its functions, as described above, should be retained.

CGSA should essentially operate as a grower representative and advocacy body. As pointed out in the review's terms of reference, there is some duplication of functions undertaken by the Board

under the *Citrus Industry Act 2005* and Citrus Growers South Australia (CGSA) under the *Primary Industry Funding Schemes (Citrus Growers Fund) Regulations 2005*. In particular, the *Regulations* (section six) state the Citrus Growers Fund may be used for, among other things:

- promoting the South Australian citrus industry;
- undertaking research and development; and
- programs designed to encourage communication and cooperation between growers, packers, processors and persons marketing citrus fruit or products.

These functions are already carried out by the Board under the *Citrus Industry Act 2005*.

The most *relevant* function of CGSA described in the Regulations is the representation of citrus growers. I believe CGSA's ability to carry out this important function – particularly with regard to lobbying the State Government – is partly compromised by the fact its grower levies are distributed by the Government under the *Primary Industry Funding Schemes Act 1998*.

It is my belief CGSA would better operate as a grower representative and advocacy body as an entirely independent entity with a membership structure, funded by membership fees. Growers need a truly independent body representing them in South Australia.

Having two separate representative and/or regulatory bodies in the SA citrus industry with overlapping responsibilities has – inevitably – resulted in a level of industry 'in-fighting', creating divisions that are highly detrimental to the industry both in terms of national reputation and industry development. I believe this could be positively addressed by clearly defining the role of each body and ensuring there is no overlap of responsibilities.

Recommendations:

- That the South Australian Citrus Industry Development Board be retained, with statutory powers and funding enabling it carry out whole of industry development and protection activities.
- That Citrus Growers South Australia consider moving towards becoming an independent membership-based grower representative and advocacy group independent of the State Government. This would require CGSA to collect its own membership fees. Should the CGSA wish for the Government to continue to collect levies on its behalf, then the use of this funding should be left to the discretion of the CGSA and not be prescribed by regulation.

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