

CITRUS ADMINISTRATIVE COMMITTEE

2008-09 COMPLIANCE PLAN

PURPOSE

This is the Compliance Plan of the Florida Citrus Administrative Committee for the 2008-09 Marketing Season. The Committee administers Federal Marketing Order No. 905 (MO 905) regulating the handling of Oranges, Grapefruit, Tangerines and Tangelos in all of the State of Florida, except north and west of the Suwannee River.

An 18 member Florida Citrus Administrative Committee (Committee), comprised of nine growers, eight handlers and a public member, administers Marketing Order No. 905. Each member serves a one-year term of office and has an alternate. The grower and handler members and alternates are selected by the Secretary of Agriculture (Secretary) to administer the program locally, from nominations submitted by citrus fruit growers and handlers in the production area. The public member and alternate public member are nominated by the Committee and selected by the Secretary.

During the 2008-09 citrus season, regulated fresh citrus shipments from Florida will be approximately 30 million 4/5-bushel boxes (cartons). The handlers of these regulated shipments pay an assessment rate of \$0.0072 cent per carton to fund the Committee. The handlers also pay an inspection fee to the Florida Department of Agriculture and Consumer Services, Division of Fruit & Vegetables for Federal-State Inspection Service (FSIS) as required under the Order. The cost of this service for this season is \$0.105 per carton for continuous inspection and \$0.0125 for Partners in Quality (PIQ) inspection, to inspect regulated fresh citrus shipments. Since the handlers pay the FSIS to inspect regulated citrus shipments, the Committee expends approximately \$1,000 annually for compliance activities.

HISTORY

MO 905 became effective February 22, 1939. MO 905 authorizes the issuance of grade, size, quality, maturity, pack, container, inspection and reporting requirements. Regulatory provisions apply to specific varieties of citrus fruit grown in Florida and shipped out of the production area to any market, except those specifically exempt.

RESOURCES

The administrative staff of the Committee oversees and monitor rules and regulations.

The Road Guard Service of the Florida Department of Agriculture and Consumer Service (FDACS) maintains twenty-four hour truck inspection stations on all highways leaving the State

of Florida. Trucks hauling Florida grown and packed citrus, under the Order, are required to show evidence of compliance with regulations.

The FSIS carries out the inspection requirements of MO 905. A certificate of inspection for each lot of Florida grown citrus is prepared by FSIS. Each lot is positive lot identified so that each certificate reflects a particular lot. Information from these certificates is used in calculating assessments, for proof of compliance with regulations, and for preparing statistical information. As mentioned previously, the Florida citrus grower, through the inspection fee paid to FSIS, funds these activities.

COMPLIANCE

MO 905 provides for regulations applicable to grade, size, quality, maturity, pack, container and inspection, and it provides exemption for citrus to be handled: a) if shipped as Gift packages; b) for animal feed and c) if the shipment does not exceed a single fruit or a combination of two or more fruits, that the fruit is not for resale, and that such exempted quantity is not included as a part of a shipment exceeding 15 standard packed cartons of fruit. However, certain requirements are imposed on handlers using these exemption authorities. MO 905 also provides exemption for citrus to be handled: a) for consumption by charitable institutions; b) for distribution by relief agencies; c) for commercial processing into products; d) by parcel post; or e) in such minimum quantities or types of shipments or for such specified purposes as the Committee, with the approval of the Secretary, may prescribe.

Inspection is preformed by representatives of the FSIS on each lot of Florida grown citrus fruit prior to being placed in interstate and export commerce, as required by the Order. Inspection is performed at the handler's packinghouse. Inspectors report any suspected violations observed to their supervising office, which in turn reports them to the Committee and the Southeast Area Marketing Field Office (MFO). In addition, FDACS maintains road guard stations on all roads out of Florida. Upon arriving at these stations, trucks are required by Florida State Statutes to produce evidence of inspection and also show that the shipment meets the requirements of MO 905. Due to this system, Florida grown citrus fruit that is not inspected cannot receive a certificate or be placed legally in interstate and export commerce.

SAFEGUARDS

Prior to Florida grown citrus fruit being placed in interstate and export commerce, each lot must be inspected by FSIS to ensure the lot meets the regulation requirements of the Order. As mentioned earlier, all regulated shipments being shipped from the production area must stop and submit evidence of compliance with MO 905's regulations at the Road Guard Stations, which are located on all roads leaving the production area. A few violations have been reported, investigated and turned over to the United States Department of Agriculture (USDA). However, most violations involved trucks moving to market without accompanying inspection certificates. In each case, proof of inspection and applicable certificates were furnished to the Committee office.

In addition, the Florida Department of Citrus (FDOC) utilizes the FSIS to inspect Florida grown citrus fruit and citrus products to ensure compliance with all State and Federal laws regulating Florida citrus. The FSIS is the source for the statistical information required to fund the FDOC and collect their assessments, which last season totaled approximately \$63 million. The FSIS and the FDOC depend on this inspection process to collect their assessments and regulate the Florida citrus industry.

In addition to the certification of inspection, some Florida grown citrus fruit packed under MO 905 is required to show additional evidence of compliance with regulations.

The following are required forms:

APPLICATION FOR A CERTIFICATE OF PRIVILEGE BY A SPECIAL PURPOSE SHIPPER

A Special Purpose Shipper is one who certifies that he/she will handle certified organically grown Florida citrus fruit. Any such shipment shall be made subject to a Certificate of Privilege. To qualify for a Certificate of Privilege, each shipper must notify the Committee prior to the first shipment, and must complete and submit an “Application for a Certificate of Privilege by a Special Purpose Shipper” form, and agree to other requirements as set forth in Section 905.147 and Section 904.148 of the Order with respect to such shipments.

Report of Special Purpose Shipment

Each handler of citrus shipped under a Certificate of Privilege shall complete a “Report of Special Purpose Shipment” form for each shipment. One copy of the report on each such shipment shall be forwarded to the Committee and a copy of the report shall be forwarded with the shipment.

APPLICATION FOR A REPACKING CERTIFICATE OF PRIVILEGE

A Repacking Shipper is one who deals with certified inspected citrus fruit as defined in Section 905.53 Inspection and certification. Any such shipment shall be made subject to a Repacking Certificate of Privilege. To qualify for a Repacking Certificate of Privilege, each shipper must notify the Committee 10 days prior to the first shipment of repacked Florida citrus fruit in the fiscal period of their intent to ship such citrus and must complete and submit an “Application for a Repacking Certificate of Privilege ” form and agree to other requirements as set forth in Section 905.161 of MO 905 with respect to such shipments.

Report of Repacking Shipments

Each handler of citrus shipped under a Repacking Certificate of Privilege shall complete a “Report of Repacking Shipment” form for each shipment. One copy of the report on each such shipment shall be forwarded to the Committee and a copy of the report shall be forwarded with the shipment.

ADMINISTRATIVE REGULATION OF SIZE 48 AND SMALLER SIZED RED GRAPEFRUIT

The handlers use this form to certify their shipments of size 48 and smaller sized red grapefruit. The Committee uses this information when regulating the percentage of size 48 and smaller sized red grapefruit in accordance with Section 905.153. This form shall be retained by each handler and is subject to be audited during the regulation period.

POSSIBLE MO 905 VIOLATIONS

The Committee documents all possible MO 905 violations, which are either reported to the Committee by FSIS or revealed during a Committee review. After review and preliminary investigation, the Committee determines that there is an alleged violation of MO 905, prepares an Investigation Report to be forwarded to the USDA.

- Failure to pay assessments/violates 905.41.
- Ship out of grade or size/ violates 905.52 (1), (2), (4) & 905.306.
- Ship in excess of quantity regulation (when in effect) /violates 905.52 (3).
- Ship for export in unauthorized containers/violates 905.52 (5).
- Failure to have inspection and certification made/violates 905.53.
- Failure to provide manifest reports/violates 905.70.
- Failure to provide requested information/violates 905.71.
- Failure to obtain authorization of shipment of "Fruit not subject to regulation"/violates 905.80.
- Failure to meet "Gift packages" shipment requirements/violates 905.140.
- Failure to notify Committee or obtain permit for animal feed shipments/violates 905.142.
- Failure to obtain a Certificate of Privilege for special purpose shipments/violates 905.146 & 905.147.
- Failure to obtain a Certificate of Privilege for repacked shipments/violates 905.161.
- Ship in excess of quantity of regulation on size 48 and smaller sized red grapefruit/violates 905.153 (only during the 22-week regulation period)
- Failure to notify Committee of transfer and/or loan of size 48 and smaller red grapefruit allowance from one handler to another/violates 905.153 (only during the 22-week regulation period)

CURRENT ISSUES

This past season, as in previous seasons, the inspection system developed and utilized by the different organizations has proven to be very effective in regulating the Florida citrus industry. This is evidenced in the very few number of violations, most of which are caused by human error. Last season, out of 33,236 million cartons of regulated citrus inspected by FSIS under MO 905, less than 1,000th of a percent of the cartons were reported to be in violation and the vast majority was caused by human error. The willful circumvention of MO 905 is rare and during most seasons does not occur.

It must be noted that movement of fresh Florida citrus fruit to interstate and export markets for the 2008-09 season will be governed by the Code of Federal Regulation, CFR 301.75 Subpart-Citrus Canker as published on November 19, 2007.

DETAILS OF THE COMPLIANCE ACTIVITIES

1. Send information to handlers annually reminding them of their regulatory, reporting, and record keeping responsibilities.
 - **Action** - Handlers and FSIS receive a Committee Regulation Bulletin outlining all grades and sizes by variety of Florida citrus fruit regulated under MO 905.
 - **Schedule**
 1. Committee Regulation Bulletins are mailed, faxed and e-mailed to each handler and the FSIS prior to the beginning of the season and is updated as regulations change.
 2. A courtesy copy of the Committee Regulation Bulletin is sent to the MFO prior to the initial mailing.
2. and 10. Identify and visit handlers to discuss regulatory requirements (i.e., record keeping, reporting, assessments, volume, and/or disposition), periodically visit handlers, announced and unannounced, during the marketing season to observe handling operations and monitor compliance with marketing order provisions.
 - **Action** – (a) Inspectors visit all packinghouses annually to inspect them for registration with the Florida Department of Agriculture and Consumer Service (FDACS) and to be licensed as a Citrus Fruit Dealer by the FDOC. During the inspection, the inspector provides copies of the CAC Regulation Bulletin to the registered handler. The CAC Regulation Bulletin outlines the minimum grade and size regulations for each regulated variety. (b) The Committee manager visits all packinghouses throughout the season, announced and unannounced, to discuss regulatory requirements.

Schedule

1. At the beginning of each season, all handlers must have their packinghouses inspected for registration and to obtain a new citrus fruit dealers license.
2. At the beginning of each season, all registered packinghouses must send a representative to a preseason refresher course conducted by the Division of Fruit and Vegetable (Division). The course covers MO 905 grade and

size regulations and shipping manifest (inspection certificate is included in the manifest).

3. A representative of the Committee will visit each registered packinghouse at least once during the season. During the visit, the Committee representative will review and discuss the current grade and size regulations and monitor compliance with marketing order provisions. The Committee representative will document each visit and a site visit report will be completed for each visit.

3. Receive, investigate, document, and report to the MFO complaints of violations of marketing order provisions.

- **Action** – A representative of the Committee will investigate and document all complaints and alleged violations as they are reported to the office.
- **Schedule** – The complaints and alleged violations shall be investigated after the Committee is informed of the possible violation. The following actions will be taken by the Committee concerning violations:
 1. Minor level violations will be handled with contact by telephone. These violations are ones that do not exceed 15 cartons. Documentation to be sent to MFO.
 2. Mid level violations will be handled with written correspondence. These violations are ones that exceed 15 cartons and second time minor level violations. Documentation to be sent to MFO.
 3. The manager will handle major level violations with written correspondence and a documented visit. These are violations that exceed 54 cartons or more than 2 minor and mid level violations. Documentation to be sent to MFO.

4. Check handler reports for completeness, accuracy and timeliness.

- **Action** – Each handler report and inspection certificate is reviewed by FSIS for completeness and accuracy.
- **Schedule** - The handler report and inspection certificate is reviewed daily.

5. Monitor handler payment of assessments, late payments and interest charges.

- **Action** – The Committee bills handlers each month for their regulated shipments.
- **Schedule** -

1. The Bookkeeper will mail the first past due notice 30 days, via regular mail, after the due date. The second and final past due notice will be mailed, via certified mail, 10 days after the first past due notice was mailed and the handler has 30 days to pay from the date of the second and final notice. If payment has not been received 30 days after the second and final notice was mailed, the Committee refers the case to MFO for collection.
 2. The Committee will maintain an audit of packinghouse files for assessment collection.
6. Reconcile handler reports with outgoing inspection certificates. (The Committee requests exemption from this activity because the action is performed by Division of Fruit & Vegetables. All records are maintained by the Division and available to Committee review or audit.)
- **Action** – This action is performed by the Division of Fruit & Vegetables.
 - **Schedule** – The Committee is exempt from performing this action pursuant to an approval letter from USDA Marketing Orders Administration Branch dated June 19, 2008.
8. Monitor compliance through inspection stations (i.e., bug and road guard).
- **Action** – Inspection certificates for Florida citrus shipments to interstate and export markets must be presented at the Road Guard Station to ensure the shipment meets the requirements of the Order.
 - **Schedule**
 1. All interstate shipments inspection certificates are reviewed as the shipment moves out of the production area.
 2. A representative of the Committee will annually visit the Road Guard Stations. The Committee representative will review and discuss all regulations including exempt and special purpose shipments and document the visit.
9. Monitor disposition of exempt and special purpose shipments using handler reports and verify, on a spot-check basis, to third-party records obtained from end users.
- **Action** – All special purpose shippers must have a Certificate of Privilege and complete a Special Purpose Shipment form. This form identifies the certified organically grown Florida citrus fruit grower and verifies the shipment meets the Committee's requirements.

- **Schedule**

1. The special purpose shipper must be approved by the Committee prior to shipping organically grown Florida citrus fruit.

ADDITIONAL COMPLIANCE ACTIVITIES

11. Monitor repacking shipments using handler reports and verify, on a spot check basis, with the Repacker.

- **Action** – All Repacker shippers must have a Repacking Certificate of Privilege and complete a Repacking Shipment form. This form identifies the receiver and containers used to ship the citrus fruit and verifies the shipments meet the Committee’s requirements.

- **Schedule**

1. The Repacker shipper must be approved by the Committee prior to shipping repacked certified inspected Florida citrus fruit.
2. A representative of the Committee will annually visit each registered Repacker to review and discuss Repacker shipment requirements and document the visit.
3. A representative of the Committee will audit at least 20 percent of the Repacking Certificate of Privileges and verify Repacker shipments for those Repacker’s, which are audited.

12. Monitor size 48 and smaller sized red grapefruit shipments during the 22-week regulation period.

- **Action** – All registered handlers of red grapefruit will be supplied with their red grapefruit base prior to the beginning of the 22-week regulation period.

- **Schedule -**

1. Each handler of red grapefruit during the regulation period will have their red grapefruit shipments audited at least twice during the 22-week regulation period by a representative of the Committee.