

14 October 2013

Import of Processed Fruit Products  
Productivity Commission  
LB2 Collins Street East  
**MELBOURNE VIC 8003**

Dear Sir / Madam

### **POST ACCELERATED REPORT - PUBLIC HEARING**

Greater Shepparton City Council writes to you regarding the Productivity Commission's recent findings highlighted in the accelerated report released on 18 September 2013.

The accelerated report identifies that two out of three tests are likely to be met however when outlining the third test (whether the injury was caused by imports), the report highlights that causation is due to loss of exports, reduced consumer demand and higher costs including labour costs.

It should be noted that although the causes outlined above may be of relevance, cheaper imports have impacted consumer purchases of SPCA products due to supermarkets being able to sell non SPCA brands at a cheaper price.

The report states that pricing decisions made by supermarkets were made domestically, rather than being caused by changes in the world market for processed fruit products. It is Council's view that the reason supermarkets are able to place such a cheaper price on imported products is due to the cheap imports and the cost advantages that competing countries have over SPCA in manufacturing their fruit.

Cheap imports which are arguably of an inferior quality have resulted in many Australians understandably paying less for a similar product currently offered by SPCA. Due to the current economic climate and the consumer's general conscious decision to 'find a bargain', people are purchasing products with imported ingredients.

This drop in demand for an Australian product (due to cheap imports) has impacted SPCA's revenue considerably, ultimately putting the future of the company in significant jeopardy.

As per Council's first submission made in Canberra on 30 July 2013, it is apparent that the economic impacts are severe to Greater Shepparton and the Goulburn Valley if SPCA were forced to withdraw. The economic impacts are not just directly related to manufacturing but supporting sectors that will experience unfavourable impacts to their businesses should unemployment reach 11%, as predicted within our previously submitted report (as at June 2013).

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At this present time, local fruit growers are left with no option but to destroy their fruit trees due to the significant reductions, which have placed their livelihoods at risk. Many growers cannot afford to remove their trees and the region is now threatened with the strong possibility of an outbreak of fruit fly and codling moth which could leave the region in a devastating predicament.

Should SPCA withdraw, Greater Shepparton would experience a reduction in regional economic output of \$165 million pa, including \$105 million associated with SPCA suppliers (560 businesses – including 230 fruit growers and packing houses) and \$50 million in other spending in the economy through the multiplier effect.

This level of contraction represents 5% of the annual Gross Regional Product for the affected parts of the GV region (mainly the municipalities of Greater Shepparton, Campaspe and Moira), with up to 6% of all businesses likely to be impacted directly, and many more impacted indirectly.

The accelerated report highlights that waiting a few months for a decision, until completion of the final safeguards report in December, is unlikely to cause injury to the domestic industry that would be difficult to prepare.

Unfortunately, injury has already occurred, placing the future of SPCA in serious question and has already impacted many families within our region, as well as the opportunity for Greater Shepparton to attract investment into the region as the future of SPCA is plagued with uncertainty.

Furthermore, the Goulburn Valley is well known as the Food Bowl of Australia with approximately 25% of the total value of Victoria's agricultural production generated in this area. This reputation would be seriously compromised if SPCA were forced to withdraw from the region.

I would like to take this opportunity to thank the Productivity Commission for the opportunity to make a submission since the release of the accelerated report and I wish the Commission all the best with its endeavours in regard to this very important issue.

Yours sincerely



**Gavin Cator**  
**CHIEF EXECUTIVE OFFICER**

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