

Submission to Productivity Commission into Imported Processed Fruit Products

Background:

For the past 60 years our family business has been predominantly engaged in the growing and supplying deciduous fruit (peaches, pears and apples) to the canned fruit industry in the Goulburn Valley region of Victoria.

Over that period the business has expanded from the original 16 hectares planted to orchard in 1950 to 67 hectares by 2008. Over the 10 years up to 2011 our production of deciduous fruit has ranged between 850 and 1100 tons depending on seasonal conditions. As most of this production has been delivered to SPC-Ardmona, the varieties of fruit planted are for processing.

Current Situation:

As a result of the high Australian Dollar, the canned fruit industry has seen a flood of cheap imported product displace Australian grown product from supermarket shelves, resulting in reduced intakes of fruit by SPC-Ardmona. This has resulted in a reduction in the amount of fruit SPC-A has been able to accept from us.

In 2012 season our business delivered to SPC-Ardmona a total of 963 tons of peaches and pears.

In 2013 season we delivered 836 tons of peaches and pears, a reduction of 13% due to restrictions on intake which were announced in late October. In addition approximately 250 tons of peaches was not harvested and left on the trees. This represented a significant loss to us and resulted in the business being unprofitable.

For the 2014 fruit season we have been notified by SPC-Ardmona of our canning fruit intake volumes as follows.

Peaches 540 tonnes

Pears Nil tonnes

This represents a reduction of 44% over 2 years.

Impact:

This will have a severe impact on our business to the extent of making it unviable and place severe restrictions on our ability to invest in the business.

The varieties of fruit that we grow are for processing and are not suitable for alternative markets. As result of the reduction in intake we have no alternative but to remove productive trees and to date have removed approximately 4 hectares of pears (WBC variety) and 7 hectares of peaches.

Unless there is some indication within the next 2 months that SPC-A can increase the 2014 intake tonnage and have more certainty about fruit requirements for 2015 onwards then we will have to remove an extra 7 hectares of peaches, meaning nearly 50% of our peach plantings will have been removed over the last 2 years.

If the current situation is allowed to continue, then SPC-Ardmona will most likely cease production and close. At the present time they have not given any commitment to growers that they will be processing in the 2015 season.

If the safeguard measures as proposed by SPC-Ardmona to reduce imports are not implemented then we see no future for our business continuing to grow deciduous fruit for processing, and will most likely be forced to remove all remaining trees.

Ivan Routley