

Productivity Commission

Submission in regard to the impact of imported processed fruit on the economy of the Goulburn /Murray Valleys

I submit these comments as a resident of the Goulburn/Murray Valley for more than 50 years and as an individual who has been involved in Local Government and Tourism in the region for the past 20 years. I operated my own business in Shepparton for 25 years until 2008 and since then have been involved in a hardware store in Nathalia. In addition I have been a grazier for the past 30 years.

It concerns me that the local fresh fruit industry and processing industry are being severely impacted by the increase in imported processed fruit products filling our supermarket shelves mainly under home brand labels, not clearly identified as foreign product.

The recent announcement by Coca-cola Amatil that they are reducing supply quotas of certain products due their reduced demand has already had a severe impact on producers in my area. As I drive into Shepparton now, I can already see open paddocks once filled with productive trees, some of them only planted in the last 2 or 3 years. The development of these trees has significant cost and due to the current situation, the cost of this development cannot have been recovered. The farmers concerned now have to make a judgement as to what they plant to try to cover their operating costs and hope that they have a market for this product going forward. My concern is that many of them will simply choose not to replant at all due to the financial risk and uncertainty or return.

Fruitgrowing in the Goulburn and Murray Valley has a rich history and has played an important role in the development and viability of many of the areas towns and cities. Significant infrastructure has been built including storage and processing facilities throughout the region and we are already seeing some of these lying idle. The direct employment within this important industry is the tip of the iceberg so to speak, the service industry which supplies technology, maintenance, transport etc. is also a critical part of the economy of the valley.

The shrinking or potential long term loss of any industry has an impact on the economy, however I don't believe that the loss of any industry in this region could possibly have the same impact as the fruit industry. When jobs are lost, families potentially leave the area to find employment. This impacts on the viability of schools, retail stores, health services and many other business and community functions.

It is important to Australia that we secure our own food needs independent of any imported goods. We can control our industries and quality but we do not have the same control over foreign product. To rely on imported food would be a dangerous position to be in and the current situation leads me to think that we will gradually see a loss of our production capacity if we don't act now.

For years we have listened to Governments praising the merits of the level playing field trying to justify the abolition of tariffs and quotas. It seems to me that we are being severely impacted by the loss of industry due to our inability to compete in the global marketplace where product produced and in many cases subsidised, by other governments, can be freely imported cheaper than we can produce. This is not a level playing field.

I have for many years had concern about the cost of production locally due to a whole range of factors. Our expectation in relation to wages and general standard of living means that our labour costs significantly increase the cost of production. If we are not prepared to lower our standard of living we need to provide protection and incentives to keep our local products price competitive in the long term. Failure to do this will continually lead to the loss of all manufacturing and suppliers to those industries.

I have been lucky to be able to travel extensively around the world and witness the working and living conditions in the countries from where we import our canned fruit products. The labour costs, working conditions and living standards are terrible to say the least. We don't want to have our unskilled labour living and working in those conditions, but it comes at a cost and we must find a way to compensate or protect these standards.

Short term protection for the processed fruit market is essential while a comprehensive review is carried out of the industry. Hopefully this will delay the destruction of current tree stock and supply resources and retail jobs pending a long term plan to secure this important industry to this region and the food security of the entire country.

Yours sincerely

Wayne Limbrick