

## **Submission to Productivity Commission into Imported Processed Fruit Products**

I am a 3rd generation fruit grower with one son now being groomed to soon take over and carry on growing peaches, pears, apples and lemons for the processing and fresh markets. My family has been in the fruit business for 90 years, initially in Ardmona and for the last 70 years in the Cobram area.

My business has been the largest supplier of peaches and pears to SPC Ardmona for some years now and we have been working closely with the cannery to produce the required quality, varieties and tonnages. Perennial plantings like fruit trees require long lead times for effective production so predicting what is required into the future needs close liaison with the buyer, SPC Ardmona to meet targets.

Processing fruit production has been rationalised and downsized to just one cannery processing peaches and pears in Australia, SPC Ardmona which is owned by Coca Cola Amatil. I have personally supported this transition on the basis that CCA will give the industry new life through capital and market muscle. In effect gaining productivity, innovation and marketing benefits which would put the industry into a sustainable long term position. In the last few years it is quite evident that this is not the case! Far from it!

From 2010/11, we have seen intakes of peaches and pears reduce severely, with the last two years being disastrous for growers. In my case, I have been working towards increasing my quota with the canner only to be hit for a six in the last two years. I do not think anyone in the 'Industry' saw the cut backs coming, let alone the severity. Businesses have gone from being viable to potential failures in a matter of months and equity in terms of orchard values has plummeted.

In 2011/12 I sold all my peaches to SPC Ardmona, although a percentage were sold at a substantially reduced price of \$300 rather than \$550 plus. In August 2012, after spending about \$25000 spraying and pruning a block of peaches based on information in late May which said I had sales, I had to remove this 20 hectare. Sales or intakes were cut by about 15%.

By the time the 2012/13 harvest was underway, quotas had been reduced meaning that many growers had peaches with no processing market and very little opportunity to sell onto the already depressed fresh market. In my case I had around 300 tonnes not placed. Fruit prices had also been reduced by the cannery which meant that growing peaches was not sustainable.

In late April, the cannery made further announcements about intakes going forward which shocked the whole 'Industry'. Some growers remained on the wanted list but with substantial cuts to intake and others were completely denied any ongoing peach sales access. No one saw this coming and the damage done is enormous. In my case I had to further reduce my tonnage of peaches by 44% (a total of about 60%) over two years and I had pear intake reductions as well. I have had to shed or remove the equivalent of around 40000 trees or about 150 hectares of mainly peaches.

The financial damage being done to the area is heart rendering and will be felt for a long time and it will get worse unless something is done to make the industry sustainable.

I said that I supported the move of CCA into fruit processing and I believe that they have given it a red hot go to develop a long term sustainable business. They have invested in the business to improve products and productivity and along the way worked with growers to develop a sustainable base of supply. Circumstances beyond their control have brought the peach industry to its knees. The wall they have hit in recent years of exchange rates, aggressive super market policies and probable dumping of product needs to be addressed immediately if process fruit growing is to survive in the Goulburn Valley.

I want to stay a fruit grower. I have a succession plan in place but like SPCA, I need sufficient revenue to be sustainable.

I urge you to find in favour of the cannery in your investigation.

James Cornish  
Managing Director  
R J Cornish & Co Pty Ltd  
Cobram  
17th July 2013.